

EVERETT SCHOOL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON

UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2008

RESOLUTION NO. 922

A Resolution of the Board of Directors of Everett School District No. 2, Snohomish County, Washington, providing for the issuance and sale of general obligation refunding bonds of the District in the aggregate principal amount of \$9,545,000 for the purpose of providing the funds necessary to refund certain outstanding unlimited tax general obligation bonds of the District; providing for and authorizing the purchase of certain obligations with the proceeds of the sale of such refunding bonds and for the use and application of the money to be derived from such investments; providing for the redemption of the outstanding bonds to be refunded; providing the date, form, terms and maturities of said refunding bonds and for unlimited tax levies to pay the principal thereof and interest thereon; and approving the sale of such bonds.

APPROVED ON SEPTEMBER 23, 2008

PREPARED BY:

K&L PRESTON GATES ELLIS LLP
Seattle, Washington

EVERETT SCHOOL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON
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TABLE OF CONTENTS*

	Page
Recitals	1
Section 1. Definitions	2
Section 2. Authorization of Bonds	7
Section 3. Registration, Payment and Transfer	8
Section 4. Redemption and Purchase of Bonds	13
Section 5. Form of Bonds	14
Section 6. Execution of Bonds	16
Section 7. Lost or Destroyed Bonds	17
Section 8. Refunding Plan; Application of Bond Proceeds	17
Section 9. Pledge of Taxes and Credit	19
Section 10. Defeasance	20
Section 11. Tax Covenant	20
Section 12. Sale of the Bonds	22
Section 13. Official Statement	22
Section 14. Undertaking to Provide Ongoing Disclosure	23
Section 15. Credit Enhancement Program	27
Section 16. General Authorization and Ratification	27
Section 17. Severability	28
Section 18. Effective Date	28

Exhibit A – Form of Escrow Deposit Agreement

* This Table of Contents and the cover page are not a part of the following resolution and are included only for the convenience of the reader.

RESOLUTION NO. 922

A Resolution of the Board of Directors of Everett School District No. 2, Snohomish County, Washington, providing for the issuance and sale of general obligation refunding bonds of the District in the aggregate principal amount of \$9,545,000, for the purpose of providing the funds necessary to refund certain outstanding unlimited tax general obligation bonds of the District; providing for and authorizing the purchase of certain obligations with the proceeds of the sale of such refunding bonds and for the use and application of the money to be derived from such investments; providing for the redemption of the outstanding bonds to be refunded; providing the date, form, terms and maturities of said refunding bonds and for unlimited tax levies to pay the principal thereof and interest thereon; and approving the sale of such bonds.

WHEREAS, Everett School District No. 2, Snohomish County, Washington (the "District") has outstanding its Unlimited Tax General Obligation Refunding Bonds, Series 1998A issued as of February 1, 1998 pursuant to Resolution No. 638 adopted by the Board of Directors of the District (the "Board") on February 11, 1998 (the "1998A Bond Resolution"), which remain outstanding as follows:

Maturity Dates (December 1)	Principal Amounts	Interest Rates
2008	\$ 3,310,000	5.00%
2009	4,445,000	5.50
2010	5,095,000	5.50
2011	8,900,000	5.50
2012	9,545,000	4.75

(the "1998A Bonds"); and

WHEREAS, the 1998A Bond Resolution provides that the District may call the 1998A Bonds maturing on December 1, 2012 (the "Refunded Bonds"), for redemption on and after December 1, 2008, in whole or in part on any date, at the price of par plus accrued interest, if any, 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 the bonds authorized herein (the "Bonds") at a substantial savings to the District and its taxpayers; and

WHEREAS, in order to effect such refunding in the most economical manner it is deemed necessary and advisable that the proceeds of the sale of the Bonds and, if necessary, other money available and required for refunding purposes be invested in obligations maturing in such amounts and at such times as are required to pay the interest on the Refunded Bonds as the same become due, and to redeem and retire the Refunded Bonds on the first date on which the Refunded Bonds may be called for redemption prior to their respective scheduled maturities; and

WHEREAS, the District has received an offer to purchase the Bonds from D.A. Davidson & Co., 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 mean 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 Register means the registration records for the Bonds maintained by the Bond Registrar.

Bond Registrar means the fiscal agency of the state of Washington, whose duties include registering and authenticating the Bonds, maintaining the Bond Register, transferring ownership of the Bonds and paying the principal of and interest on the Bonds.

Bonds mean the \$9,545,000 principal amount of Everett School District No. 2, Snohomish County, Washington, Unlimited Tax General Obligation Refunding Bonds, 2008 issued pursuant to this resolution.

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.

Code means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department of the Internal Revenue Service, to the extent applicable to the Bonds.

Commission means the Securities and Exchange Commission.

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

Debt Service Fund means the special fund of the District of that name created in the office of the Treasurer pursuant to RCW 28A.320.330.

Designated Representative means the Interim Superintendent or the Associate Superintendent, 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 of New York, New York, as depository for the Bonds, or any successor depository for the Bonds.

Escrow Agent means U.S. Bank National Association, Seattle, Washington.

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

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.

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

MSRB means the Municipal Securities Rulemaking Board or any successors 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.

1998A Bonds mean the Unlimited Tax General Obligation Refunding Bonds, Series 1998A of the District, issued as of February 1, 1998, pursuant to the 1998A Bond Resolution and presently outstanding in the principal amount of \$31,295,000.

1998A Bond Resolution means Resolution No. 638 adopted by the Board on February 11, 1998, authorizing the issuance of the 1998A Bonds.

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.

Purchase Contract means the bond purchase contract between the District and the Underwriter provided for in Section 12 of this resolution.

Refunded Bonds means the \$9,545,000 principal amount of the outstanding 1998A Bonds maturing on December 1, 2012.

Registered Owner means the person in whose name a Bond is registered on the Bond Register. For so long as District utilizes the book-entry system for the Bonds, DTC shall be deemed to be the Registered Owner.

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

SID means a state information depository for the state of Washington (if one is created).

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.

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

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

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

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

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

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

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

Section 2. Authorization of Bonds. For the purpose of the refunding of the Refunded Bonds and thereby effecting a substantial savings to the District and its taxpayers, the District shall now issue and sell unlimited tax general obligation refunding bonds in the aggregate principal amount of \$9,545,000 (the "Bonds"). The Bonds shall be designated as the Everett School District No. 2, Snohomish County, Washington Unlimited Tax General Obligation Refunding Bonds, 2008. The Bonds shall be dated as of the date of their initial delivery to the Underwriter, 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 December and June, commencing on December 1, 2008. The Bonds shall mature in the following years and in the following principal amounts and shall bear interest at the following per annum rates:

Maturity Years (December 1)	Principal Amounts	Interest Rates
2008	\$ 170,000	3.00%
2009	85,000	3.00
2010	85,000	3.00
2011	90,000	3.00
2012	1,000,000	3.50
2012	8,115,000	4.00

Section 3. Registration, Payment and Transfer.

(a) *Bond Registrar/Bond Register.* The District hereby requests that the Treasurer specify and adopt the system of registration and transfer for the Bonds approved by the Washington State Finance Committee from time to time through the appointment of a state fiscal 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 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 of this resolution), 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 the 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) *No Redemption.* The Bonds are not subject to redemption prior to their scheduled maturities.

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

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.

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON
EVERETT SCHOOL DISTRICT NO. 2
SNOHOMISH COUNTY

UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2008

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 October 7, 2008, 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 December 1, 2008, and semiannually thereafter on the first day of each succeeding June and December. 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 bond of this issue (the "Bond Registrar").

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under Resolution No. 922 of the District (the "Bond Resolution") until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

This bond is one of an authorized issue of bonds of like date, tenor and redemption provisions, except as to number, amount, rate of interest and date of maturity in the aggregate principal amount of \$9,545,000, and is issued for the purpose of refunding certain outstanding general obligation bonds of the District.

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.

The bonds of this issue are not subject to redemption prior to their stated maturities.

The bonds of this issue are not "private activity bonds" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). The District has designated the bonds as "qualified tax-exempt obligations" under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

The District has irrevocably covenanted 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 authorizing their issuance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the state of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the District may incur.

IN WITNESS WHEREOF, Everett School District No. 2, Snohomish County, Washington has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of its Board of Directors and a facsimile of the seal of the District to be reproduced, imprinted or impressed hereon as of this 7th day of October, 2008.

EVERETT SCHOOL DISTRICT NO. 2,
SNOHOMISH COUNTY, WASHINGTON

By /s/ manual or facsimile
President, Board of Directors

ATTEST:

 /s/ manual or facsimile
Secretary, Board of Directors

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

DATE OF AUTHENTICATION: _____

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Resolution and is one of the Unlimited Tax General Obligation Refunding Bonds, 2008 of the District, dated October 7, 2008.

WASHINGTON STATE FISCAL
AGENCY, as Bond Registrar

By _____
Authorized Signatory

Section 6. Execution of Bonds. The Bonds shall be executed on behalf of the District with the facsimile or manual signatures of the President and Secretary of its Board and the seal of the District shall be impressed, imprinted or otherwise reproduced thereon. In case either or both of the officers who have signed or attested any of the Bonds cease to be such officer before such Bonds have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the District with the same effect as though the persons who had signed or attested such Bonds had not ceased to be such officers, and any Bond may be signed or attested on behalf of the District by officers who at the date of actual execution of such Bond are the proper officers, although at the nominal date of execution of such Bond such officer was not an officer of the District.

Only Bonds that bear a Certificate of Authentication in the form set forth in Section 5 of this resolution, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this resolution.

Section 7. Lost or Destroyed Bonds. If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, maturity and tenor to the Registered Owner upon the owner's paying the expenses and charges of the Bond Registrar and the District in connection with preparation and authentication of the replacement Bond or Bonds and upon his or her filing with the Bond Registrar and the District evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the District and the Bond Registrar with indemnity satisfactory to both.

Section 8. Refunding Plan; Application of Bond Proceeds.

(a) *Refunding Plan.* For the purpose of realizing a debt service savings and benefiting the taxpayers of the District, the Board shall issue the Bonds. Proceeds of the Bonds shall provide for the payment of the principal of and interest on and the redemption price (or principal due at maturity) of the \$9,545,000 principal amount of the outstanding 1998A Bonds maturing on December 1, 2012.

The Refunded Bonds shall be called for redemption at 100% of par on December 1, 2008.

(b) *Refunding Proceeds.* The net proceeds of sale of the 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 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 1998A Bond Resolution, and to pay costs of issuance of the 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 December 1, 2008;

(2) the redemption price of the Refunded Bonds (100% of the principal amount thereof) on December 1, 2008;

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.

(c) *Escrow Agent/Escrow Agreement.* The District hereby appoints U.S. Bank National Association, Seattle, Washington as the Escrow Agent for the Refunded Bonds (the "Escrow Agent"). A beginning cash balance, if any, and the Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the Refunded Bonds. The proceeds of the 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 Bonds.

In order to carry out the purposes of this Section 8, the President or the Secretary of the Board are authorized and directed to execute and deliver to the Escrow Agent, an Escrow Deposit Agreement, substantially in the form attached hereto as Exhibit A.

(d) *Call for Redemption of Refunded Bonds.* The District hereby irrevocably sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the Bonds to make the payments described in Subsections (b)(1) through (4) of this Section 8.

The District hereby irrevocably calls the Refunded Bonds for redemption on December 1, 2008 in accordance with the provisions of the 1998A Bond Resolution.

Said defeasance and call for redemption of the Refunded Bonds shall be 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 notices of the redemption of the Refunded Bonds in accordance with the applicable provisions of the 1998A Bond Resolution. The Treasurer is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notices therefor. The costs of publication of such notices shall be an expense of the District.

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

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 and will pay the same into the Debt Service Fund. 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 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 moneys 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 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 moneys 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 Bond Registrar shall provide notice of defeasance of Bonds to Registered Owners and to each party entitled to receive notice in accordance with Section 14 of this resolution.

Section 11. Tax Covenant.

(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:

date except for the omission of information dependent upon the pricing of the Bonds and the completion of the Purchase Contract. The District authorizes the Underwriter to use the Official Statement, substantially in the form of the preliminary Official Statement, in connection with the sale of the Bonds. The Secretary of the Board and/or the Associate Superintendent, Finance and Operations are hereby authorized to review and approve on behalf of the District the final Official Statement relative to the Bonds with such additions and changes as may be deemed necessary or advisable.

Section 14. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This Section 14 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 2009 for the fiscal year ended August 31, 2008):

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 final Official Statement for the Bonds under the headings "Statement of Revenues, Expenditures and Changes in General Fund Balance" and "Statement of Revenues, Expenditures and Changes in Debt Service Fund Balance";

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 14, 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 14, 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 14. 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, (1) notice of such change shall be given in the same manner as for a material event under Subsection (c), and (2) 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 14 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 SEC withdraws its approval of this submission process.

Section 15. Credit Enhancement Program. The Board of Directors by Resolution No. 913 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 Designated Representative 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. General Authorization and Ratification. The President and Secretary of the Board of Directors and other appropriate officers of the District are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified.

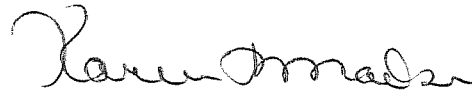
Section 17. Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall

be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

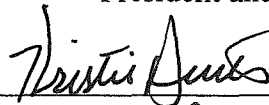
Section 18. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Board of Directors of Everett School District No. 2, Snohomish County, Washington, at a regular meeting thereof held this 23rd day of September, 2008.

EVERETT SCHOOL DISTRICT NO. 2,
SNOHOMISH COUNTY, WASHINGTON



President and Director



Director



Director

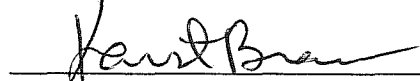


Director



Director

ATTEST:



Secretary, Board of Directors

EXHIBIT A

ESCROW DEPOSIT AGREEMENT

**EVERETT SCHOOL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON
UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2008**

THIS ESCROW AGREEMENT, dated as of October 7, 2008, (herein, together with any amendments or supplements hereto, called the "Agreement"), is entered into by and between the EVERETT SCHOOL DISTRICT NO. 2, Snohomish County, WASHINGTON (herein called the "District") and U.S. Bank National Association, Seattle, Washington, as Escrow Agent (herein, together with any successor in such capacity, called 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 (the "Refunded Bonds"); and

WHEREAS, pursuant to Resolution No. 922 adopted on September 23, 2008 (the "Bond Resolution"), the District has determined to issue its Unlimited Tax General Obligation Refunding Bonds, 2008 (the "Bonds") for the purpose of providing funds to pay the costs of refunding the Refunded Bonds; and

WHEREAS, the Escrow Agent has reviewed this Agreement and the Bond Resolution, and is willing to serve as Escrow Agent; and

WHEREAS, pursuant to the Bond Resolution, the Refunded Bonds have been designated for redemption prior to their scheduled maturity date and, after provision is made for such redemption, the Refunded Bonds will come due in the amount and at the time set forth in Exhibit C; 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 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 redemption price of the Refunded Bonds as shown on Exhibit C; and

WHEREAS, the District desires that, concurrently with the delivery of the Bonds to the purchasers, the proceeds of the Bonds, together with certain other available funds of the District, 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 and to establish a beginning cash balance (if needed) in the Refunding Account; and

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, 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 fund created by this Agreement to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

Section 1.2. Other Definitions.

The terms “Agreement,” “Bonds,” “District,” “Escrow Agent,” “Bond Resolution” and “Refunded Bonds” 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 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 Escrow Agent agrees that upon receipt it will deposit to the credit of the Refunding Account the funds and the Escrowed Securities described in Exhibit D. Such deposit, all proceeds therefrom, and all cash balances 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. 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 cash balances on deposit in the Refunding Account, the amounts required to pay the principal of the Refunded Bonds at their redemption date and interest thereon to such redemption date in the amounts and at the times shown in Exhibit C.

Section 3.3. Sufficiency of Refunding Account.

The District represents that, based upon the information provided by D.A. Davidson & Co., the receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from in the Refunding Account will be at all times sufficient to provide money for transfer to the Paying Agent at the time and in the amount required to pay the interest on the Refunded Bonds and the principal of the Refunded Bonds on the redemption date, all as more fully set forth in Exhibit E. 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, 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.

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 an agent 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, 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 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 hereof, no withdrawals, transfers or reinvestment shall be made of cash balances in the Refunding Account.

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 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. 638 of the Board of Directors of the District and in substantially the forms attached hereto as 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 ordinance or 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. 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 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 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 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 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, Attention: Public Finance Rating Desk/ Refunded Bonds and to Standard and Poor's Ratings Services, a Division of The McGraw Hill Companies, 55 Water Street, New York, NY, 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

**U.S. BANK NATIONAL ASSOCIATION,
SEATTLE, WASHINGTON**

Authorized Signatory

- 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 - Escrow Fund Cash Flow
- Appendix A - Notice of Redemption for the 1998 Bonds
- Appendix B - Notice of Defeasance for the 1998 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 Avenue
Everett, WA 98203
Attention: Robert Collard, Associate Superintendent, Finance and Operations

District Treasurer: Snohomish County Treasurer
3000 Rockefeller Avenue, MS501
Everett, WA 98201-4046
Attention: Kirke Sievers, Treasurer

Escrow Agent: U.S. Bank National Association
Corporate Trust Services PD-WA-T7CT
1420 Fifth Avenue, 7th Floor
Seattle, WA 98101
Attention: Carolyn Morrison, Vice President

EXHIBIT B
Description of the Refunded Bonds

Everett School District No. 2
Snohomish County, Washington
Unlimited Tax General Obligation Refunding Bonds, Series 1998A

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
December 1, 2012	\$9,545,000	4.75%

EXHIBIT C
Schedule of Debt Service on Refunded Bonds

Date	Interest	Principal/ Redemption Price	Total
12/01/2008	\$ 226,693.75	\$ 9,545,000.00	\$ 9,771,693.75
TOTAL	\$ 226,693.75	\$ 9,545,000.00	\$ 9,771,693.75

EXHIBIT D
Escrow Deposit

I. Cash \$0.19

II. Other Obligations

<u>Description</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Yield</u>	<u>Total Cost</u>
SLGS-Cert.	12/01/2008	\$ 9,764,925	0.460%	\$ 9,764,925.00
Totals		\$ 9,764,925		\$ 9,764,925.00

III. Costs of Issuance

Escrow Agent Fee (U.S. Bank)	\$ 275.00
Bond Counsel Fee (K&L PGE).....	20,000.00
Rating Agency Fee (Moody's).....	5,250.00
Rating Agency Fee (S&P)	<u>6,750.00</u>
Total:.....	\$ 32,275.00

EXHIBIT E
Refunding Account Cash Flow

<u>Date</u>	<u>Escrow Requirement</u>	<u>Net Escrow Receipts</u>	<u>Excess Receipts</u>	<u>Cash Balance</u>
10/07/2008	--	\$ 0.19	\$ 0.19	\$ 0.19
12/01/2008	\$ <u>9,771,693.75</u>	<u>9,771,693.56</u>	<u>(0.19)</u>	0.00
	\$ 9,771,693.75	\$ 9,771,693.75	0.00	

APPENDIX A

Notice of Redemption*
Everett School District No. 2
Snohomish County, Washington
Unlimited Tax General Obligation Refunding Bonds, Series 1998A

NOTICE IS HEREBY GIVEN that Everett School District No. 2, Snohomish County, Washington has called for redemption on December 1, 2008, its then outstanding Unlimited Tax General Obligation Refunding Bonds, Series 1998 (the "1998A Bonds").

The 1998A Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus interest accrued to December 1, 2008. The redemption price of the 1998A Bonds is payable on presentation and surrender of the 1998A Bonds at the office of:

The Bank of New York Mellon Worldwide Securities Processing 2001 Bryan Street, 9th Floor Dallas, TX 75201	-or-	Wells Fargo Bank, National Association Corporate Trust Department 14th Floor - M/S 257 999 Third Avenue Seattle, WA 98104
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Interest on all 1998A Bonds or portions thereof which are redeemed shall cease to accrue on December 1, 2008.

The following 1998A Bonds are being redeemed:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
December 1, 2012	\$ 9,545,000	4.75%	833119QL7

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

The Bank of New York Mellon, 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 (the "Act") unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish

* This notice shall be given not more than 60 nor less than 30 days prior to December 1, 2008, by first-class mail to each registered owner of the Refunded Bonds. In addition notice shall be mailed at least 30 days prior to December 1, 2008, to The Depository Trust Company of New York, New York; BancAmerica ROBERTSON STEPHENS, Citigroup Global Markets, Inc.; MBIA Insurance Corporation; The Bank of New York Mellon, 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, and to DisclosureUSA.

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 Refunding Bonds, Series 1998A

NOTICE IS HEREBY GIVEN to the owners of that portion of the above-captioned bonds with respect to which, pursuant to an Escrow Agreement dated October 7, 2008, by and between Everett School District No. 2, Snohomish County, Washington (the "District") and U.S. Bank National Association (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 dates 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. 638 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 Refunding Bonds, Series 1998A (dated February 1, 1998)

Maturity	Par Amount Defeased	Call Date (At 100%)	Interest Rate	CUSIP No.
December 1, 2012	\$ 9,545,000	12/01/2008	4.75%	833119QL7

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 \$ _____.

_____, 2008

* 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; BancAmerica ROBERTSON STEPHENS, Citigroup Global Markets, Inc.; MBIA Insurance Corporation; The Bank of New York Mellon, 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, and to DisclosureUSA.

APPENDIX C

Fee Schedule

Escrow Agent Fee: See Attached

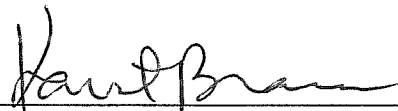
CERTIFICATE

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 (herein called the "Board"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 922 of the Board (herein called the "Resolution"), duly adopted at a regular meeting thereof held on the 23rd day of September, 2008.

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 the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of September, 2008.



Secretary, Board of Directors