

RESOLUTION NO. 491

A RESOLUTION OF THE BOARD OF DIRECTORS OF EVERETT SCHOOL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON, AUTHORIZING THE ISSUANCE OF UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF \$70,665,000 FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE CERTAIN CAPITAL IMPROVEMENTS TO THE DISTRICT AS AUTHORIZED BY RESOLUTION NO. 414 OF THE BOARD OF DIRECTORS AND APPROVED BY THE QUALIFIED ELECTORS OF THE DISTRICT AT THE ELECTION HELD THEREIN ON FEBRUARY 6, 1990 AND TO REFUND \$15,590,000 PRINCIPAL AMOUNT OF THE DISTRICT'S UNLIMITED TAX GENERAL OBLIGATION BONDS, SERIES 1990, DATED JUNE 1, 1990; PROVIDING FOR THE REDEMPTION PRIOR TO MATURITY OF THE BONDS TO BE REFUNDED; PROVIDING FOR THE DATES, FORM, TERMS AND MATURITIES OF THE BONDS AND FOR TAX LEVIES TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON; AUTHORIZING THE EXECUTION OF A BOND PURCHASE CONTRACT; AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT FOR USE IN PAYING THE BONDS TO BE REFUNDED; AUTHORIZING THE PURCHASE OF GOVERNMENTAL OBLIGATIONS; APPROVING A PRELIMINARY OFFICIAL STATEMENT; DESIGNATING A FISCAL AGENT AND BOND COUNSEL; PROVIDING FOR REGISTRATION AND AUTHENTICATION OF THE BONDS; COVENANTING TO COMPLY WITH CERTAIN AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

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**EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington**

**UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS,
SERIES 1993
PRINCIPAL AMOUNT OF \$70,665,000**

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

WHEREAS, Everett School District No. 2, Snohomish County, Washington (the "District") is a first-class school district duly organized and existing under and by virtue of the Constitution and laws of the state of Washington;

WHEREAS, at a special election held in the District on February 6, 1990, the number and proportion of the qualified electors of the District required by law for the passage thereof voted in favor of a proposition authorizing the issuance of unlimited tax general obligation bonds of the District in an aggregate principal amount not to exceed \$96,500,000 (the "Authorized Amount") to provide funds to acquire, construct and install certain capital improvements permitted by law and necessary and proper to carry out the functions of the District, as authorized by Resolution No. 414 of the District, adopted on December 4, 1989;

WHEREAS, pursuant to Resolution No. 420 adopted on May 17, 1990, the District issued and sold its bonds representing \$27,999,138.20 of the Authorized Amount;

WHEREAS, pursuant to Resolution No. 437 adopted on March 7, 1991, the District issued and sold its bonds representing \$10,000,000 of the Authorized Amount;

WHEREAS, pursuant to Resolution No. 473 adopted on May 8, 1992, the District issued and sold its bonds representing \$4,950,000 of the Authorized Amount;

WHEREAS, it is deemed necessary and advisable that the District issue and sell its unlimited tax general obligation bonds in the principal amount of \$70,665,000 of such Authorized Amount at this time;

WHEREAS, pursuant to Resolution No. 420, adopted on May 17, 1990 by the Board of Directors (the "Board"), the District sold, issued and delivered \$27,999,138.20 of its Unlimited Tax General Obligation Bonds, Series 1990 (the "Outstanding Bonds");

WHEREAS, the District reserved the right and option to redeem prior to maturity any or all of the Outstanding Bonds constituting Current Interest Bonds, as defined in Resolution No. 420, maturing on or after December 1, 1998, in whole, or in part (maturities to be selected by the District and by lot within a maturity), on June 1, 1998, or on any interest payment date thereafter, at the price of par plus accrued interest to the date of redemption, as more fully identified in Exhibit "A" attached hereto (the "Refunded Bonds");

WHEREAS, Chapter 39.53 RCW authorizes the District to issue, sell and deliver, without an election, unlimited tax general obligation refunding bonds to refund the Refunded Bonds;

WHEREAS, the refunding of the Refunded Bonds will provide a debt service savings to the District and will allow the District to modify certain debt service requirements;

WHEREAS, the Board deems it desirable and in the best interests of the District to issue, sell and deliver its unlimited tax general obligation refunding bonds in the principal amount of \$17,050,000 at this time to refund the Refunded Bonds;

WHEREAS, Chapter 39.46 RCW authorizes the District to sell its bonds at a negotiated sale without the giving of prior notice thereof;

WHEREAS, pursuant to the provisions of RCW 43.80.120, the State Finance Committee of the state of Washington from time to time designates certain financial institutions to act as the Fiscal Agent for the state of Washington and any political subdivisions who so designate, and the Fiscal Agent and the District wish to establish the procedures pursuant to which the Fiscal Agent will carry out its duties;

WHEREAS, Seattle-Northwest Securities Corporation and Seattle-First National Bank of Seattle, Washington, acting as underwriters, have made an offer to purchase such bonds; and

WHEREAS, the Board has determined it to be in the best interests of the District to accept such offer;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED as follows:

SECTION 1. DEFINITIONS

Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Resolution and of any resolution supplemental hereto, have the meanings specified; words importing the singular number include the plural number and vice versa:

"Authorized Amount" means the \$96,500,000 principal amount of general obligation bonds authorized in the special election held in the District on February 6, 1990.

"Authorized Officer" means any of the following: the President or Vice President of the Board of Directors of the District, the Secretary of the Board of Directors (the Superintendent of the District) and such other persons as may be designated from time to time by the Board of Directors to perform tasks under this Resolution.

"Board" means the Board of Directors of the District, as duly and regularly constituted from time to time.

"Bond Register" means the registration books on which are maintained the names and addresses of the Registered Owners of the Bonds.

"Bonds" means the "Everett School District No. 2, Unlimited Tax General Obligation and Refunding Bonds, Series 1993," in the principal amount of \$70,665,000, the sale, issuance and delivery of which are provided for in this Resolution.

"Capital Projects Fund" means the capital projects fund of the District heretofore created pursuant to RCW 28A.320.330, and referred to in Section 9 hereof.

"Closing" means the time when the Bonds are delivered to the original purchasers thereof upon payment in full thereto.

"Code" means the Internal Revenue Code of 1986, as amended, together with all applicable rulings and regulations of the United States Treasury.

"Cost of the Project" or **"Costs of the Project"** or any phrase of similar import, means all or any part of the costs designated or approved by the Board as costs of the Project, or interest thereon, which costs, at the option of the Board, may include all or part of the incidental costs pertaining to the Project, including, without limitation:

- (i) preliminary expenses advanced by the District from funds available for the use therefor, or advanced from any other sources, with approval of the Board, or any combination thereof;
- (ii) the costs of making surveys, obtaining permits, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;
- (iii) the costs of appraisals, printing, estimates, advice, services of engineers, architects, construction management, financial consultants, attorneys at law, clerical help, or other agents or employees;
- (iv) the costs of contingencies;
- (v) the costs of a discount on the Bonds, if any, the costs of obtaining bond insurance, if any, and the costs of issuance, registration and authentication of the Bonds;
- (vi) the acquisition costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises; and

(vii) all other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the Board.

"Debt Service Fund" means the debt service fund of the District heretofore created pursuant to RCW 28A.320.330, and referred to in Section 10 hereof.

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

"Fiscal Agency Agreement" means the contract from time to time between the state of Washington and the Fiscal Agent.

"Fiscal Agent" means the party or parties from time to time acting as the Washington State Fiscal Agent pursuant to the Fiscal Agency Agreement.

"Government Obligations" means direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Outstanding" means, when used with reference to the Bonds, as of any particular date, all Bonds that have been issued, executed, authenticated and delivered, except (1) Bonds cancelled because of payment or redemption prior to their stated dates of maturity and (2) any Bond (or portion thereof) where, for the payment or redemption of which, there has been cash or Government Obligations (as defined in Chapter 39.53 RCW as it now reads or is hereafter amended) separately set aside and held for the payment thereof.

"Outstanding Bonds" means the bonds issued pursuant to Resolution No. 420 of the District, adopted May 17, 1990, as more fully described in the seventh and eighth recitals of this Resolution.

"President" means the President of the Board, or his/her successor in functions, if any.

"Project" means the undertaking or undertakings of acquiring and constructing that portion of the improvements described in Section 2 hereof that are to be financed by the District from the proceeds of the sale of the Bonds and the accomplishment of the Refunding Plan.

"Purchase Contract" means the Bond Purchase Contract between the District and the Underwriters described in Section 19 hereof.

"Refunded Bonds" means those Outstanding Bonds to be refunded and redeemed prior to maturity as more fully described in Exhibit "A" to this Resolution.

"Refunding Plan" means the payment of interest on the Refunded Bonds and the redemption of the Refunded Bonds through the issuance of the Bonds, as more particularly described in this Resolution.

"Refunding Trustee" means Seattle-First National Bank, Seattle, Washington, selected by the District to carry out the escrow functions referred to in this Resolution.

"Registered Owner" means the person named as the registered owner of a Bond on the Bond Register.

"Registrar" means the Fiscal Agent acting in its capacity as registrar of the Bonds hereunder.

"Resolution" means this Resolution No. 491, adopted by the Board of the District on January 15, 1993.

"Secretary" means the Secretary of the District, or other officer of the District who is the custodian of the records of the proceedings of the Board, or his/her successor in functions, if any.

"Term Bonds" means any Bonds which are identified as such, the payment of which is provided for by mandatory sinking fund payments into the Debt Service Fund.

"Treasurer" means the Treasurer of Snohomish County, Washington, as ex officio Treasurer of the District, and any successor Treasurer of the District in accordance with applicable law.

"Underwriters" means Seattle-Northwest Securities Corporation and Seattle-First National Bank of Seattle, Washington, as initial purchasers of the Bonds.

SECTION 2. THE PROJECT

A. Project Description. The Bonds are being issued for the purpose of providing funds necessary for the acquisition, construction and installation of certain capital improvements to the District's facilities authorized by Resolution No. 414 on December 4, 1989 ("Resolution No. 414"), including, but not limited to, (i) acquisition, construction and installation of a new elementary school, middle school and high school, additional classrooms and other facilities; (ii) acquisition, construction and installation of capital improvements to the District's existing facilities; (iii) equipping the foregoing facilities of the District as deemed necessary by the Board; (iv) for other Costs of the Project; (v) paying the interest on the Refunded Bonds up to and including June 1, 1998; (vi) redeeming all of the Refunded Bonds on June 1, 1998, and (vii) paying costs incidental to the Refunding Plan and expenses incurred in connection with the issuance and sale of the Bonds..

If, in the opinion of the Board, the needs of the District change in a manner that results in a circumstance wherein any portion of the above-referenced capital improvements is not required or in the best interests of the District, the District retains the right not to construct such capital improvements and to reallocate the money originally contemplated therefor to other capital improvements to District facilities deemed more necessary or appropriate by the Board.

B. Modifications. The District may make alterations or modifications in the Project consistent with the provisions of Resolution No. 414.

C. Costs of the Project. The total Cost of the Project is estimated not to exceed \$70,665,000, which amount shall be paid from the proceeds of the Bonds authorized herein.

D. Additional Funds. In the event there are Bond proceeds remaining after the capital improvements set forth in Section 2.A. hereof have been completed, the Board retains the right to make additional capital improvements to the District facilities as found necessary by the Board or to deposit said money into the Debt Service Fund to make payments on Bonds Outstanding or to call and redeem a portion of the Bonds prior to maturity.

E. Insufficient Funds. In the event the proceeds of the sale of the Bonds, plus any or all of the other legally available money, are insufficient to make all of the capital improvements hereinbefore provided for, the District shall use the available money for paying the cost of those improvements for which the Bonds were approved and deemed most necessary and to be in the best interest of the District by the Board.

SECTION 3. AUTHORIZATION AND DESCRIPTION OF BONDS

A. Description of Bonds. Unlimited tax general obligation and refunding bonds of the District, designated "Everett School District No. 2, Unlimited Tax General Obligation and Refunding Bonds, Series 1993" (the "Bonds"), in the aggregate principal amount of \$70,665,000, shall be and hereby are authorized to be issued, sold and delivered pursuant to Chapters 28A.530, 39.36 and 39.46 RCW.

The Bonds shall be issued as serial Bonds and Term Bonds, shall be dated as of February 1, 1993, shall be in the aggregate principal sum of \$70,665,000, shall be in denominations of \$5,000 each or any integral multiple thereof within a single maturity, shall be issued only in fully registered form, and shall be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification. The Bonds shall be substantially in the form set forth in Exhibit "B" attached hereto and made a part hereof.

The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date, payable on June 1, 1993, and semiannually on each December 1 and June 1 thereafter to the maturity or prior redemption thereof.

The Bonds shall be executed, authenticated and numbered as provided in Sections 12 and 13 hereof. The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-105.

B. Serial Bonds. The serial Bonds shall mature on December 1 of each year in the principal amounts and bear interest at the rates set forth in the following schedule:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
December 1, 1993	\$320,000	2.70%
December 1, 1994	165,000	3.30
December 1, 1995	175,000	4.10
December 1, 1996	180,000	4.40
December 1, 1997	190,000	4.70
December 1, 1998	3,700,000	4.90
December 1, 1999	4,290,000	5.10
December 1, 2000	2,540,000	7.25
December 1, 2001	2,480,000	7.00
December 1, 2002	2,500,000	7.00
December 1, 2003	2,070,000	5.55
December 1, 2004	1,970,000	5.75
December 1, 2005	4,755,000	5.85
December 1, 2006	4,950,000	6.00
December 1, 2007	5,030,000	6.00
December 1, 2008	5,810,000	6.10
December 1, 2009	6,090,000	6.20

C. Term Bonds. The Terms Bonds shall mature on December 1 of each year in the principal amounts and shall bear interest at the rates set forth in the following schedule:

December 1, 2012	\$23,450,000	6.20%
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SECTION 4. PLACE, MANNER AND MEDIUM OF PAYMENT

A. Payment to Registered Owners. Both principal of and interest on the Bonds are payable in lawful money of the United States of America to the Registered Owners thereof, whose names and addresses shall appear on the Bond Register maintained by the Registrar.

B. Interest Payments. Payment of each installment of interest shall be made to the Registered Owner whose name appears on the Bond Register at the close of business on the fifteenth day of the calendar month preceding the interest payment date. Each installment of interest shall be paid by check or draft of the Registrar mailed to such Registered Owner on the due date at the address appearing on the Bond Register, or at such other address as may be furnished in writing by such Registered Owner to the Registrar. Interest installments may be paid by wire transfer to a Registered Owner of at least \$100,000 in principal amount of the Bonds, upon written request of such Registered Owner submitted to the Registrar at least 15 days prior to the interest payment date.

Interest on each Bond shall cease to accrue on its respective maturity date whether or not it is surrendered for payment, unless the District fails to deposit with the Fiscal Agent sufficient funds to provide for the payment of principal and interest thereon when due, in which case interest shall continue to accrue on the unpaid principal balance until the full amount of such unpaid principal balance shall have been paid or deposited with the Fiscal Agent.

C. Principal Payments. Principal of each Bond shall be payable to the Registered Owner, upon presentation and surrender of the Bonds on or after the date of maturity, at either of the principal corporate trust offices of the Registrar.

D. Rights of Registered Owners. The District and the Registrar may deem and treat the Registered Owner of each Bond as the absolute owner of such Bond for the purpose of receiving payments of principal and interest due on such Bond and for all other purposes, and neither the District nor the Registrar shall be affected by any notice to the contrary. The Registered Owner of each of the Bonds or a trustee for the Registered Owners of any of the Bonds may by mandamus or other appropriate proceeding require the transfer and payment of money as directed in this Resolution.

E. Bonds not Presented for Payment. Pursuant to RCW 43.80.160 (as it now reads or is hereafter amended or recodified), the Treasurer shall submit a written request to the Registrar that the Registrar return to the Treasurer all funds previously remitted to the Registrar for the payment of the Bonds that have not been distributed by the Registrar as of one year after the final maturity of all of the Bonds. The Treasurer shall deposit such funds into a separate account to be held solely for the benefit of Registered Owners of Bonds that have not been presented for payment, and which funds shall be used solely for paying the principal of such Bonds and the interest that had accrued thereon to the date of maturity. Interest earnings on the funds in said account may be deposited into the Debt Service Fund to pay the principal of and interest on any Bonds outstanding.

SECTION 5. REDEMPTION PRIOR TO MATURITY

A. Optional Redemption. The Bonds maturing in the years 1993 through 2003, inclusive, shall not be subject to redemption prior to their stated dates of maturity. The

Bonds maturing on and after December 1, 2004 are subject to optional redemption by the District on and after December 1, 2003, in whole at any time, or in part on any interest payment date (maturities to be selected by the District and by lot within a maturity in such manner as the Registrar shall determine), at a redemption prices listed below, expressed as a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest, if any, to the date of redemption.

<u>Redemption Dates (inclusive)</u>	<u>Redemption Prices</u>
December 1, 2003 through November 30, 2004	102 %
December 1, 2004 through November 30, 2005	101 %
December 1, 2005 and thereafter	100 %

Mandatory Redemption. The Term Bonds maturing on December 1, 2012 shall be subject to mandatory redemption prior to maturity, in part, by lot in such manner as the Bond Registrar shall determine, on December 1 in the years 2010 through 2012, inclusive, at the price of par plus accrued interest to the date of redemption, from mandatory sinking fund deposits into the Debt Service Fund (which are hereby established) in the amounts set forth below:

<u>Mandatory Redemption Date</u>	<u>Mandatory Redemption Amount</u>
December 1, 2010	\$5,025,000
December 1, 2011	8,860,000
December 1, 2012	9,565,000

B. Notice. Unless waived by the Registered Owner of any Bond to be redeemed, notice of any such redemption shall be sent by the Registrar by first-class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the Bond Register, or at such other address as may be furnished in writing by such Registered Owner to the Registrar. The requirements of this Section 5 shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the Registered Owner of any Bond. In addition, such redemption notice shall be mailed within the same period by first-class mail, postage prepaid, to the Underwriters at their offices in Seattle, Washington, or any successor as underwriter, but such mailing shall not be a condition precedent to the redemption of such Bonds. Notice of any intended redemption may also be given in compliance with any applicable Municipal Securities Rulemaking Board regulations then in effect.

C. Effect of Redemption. If the District shall have set aside on the date fixed for redemption sufficient money for the payment of all Bonds called for redemption as provided in this Section 5, the Bonds so called shall cease to accrue interest after such redemption date, and all such Bonds shall be deemed not to be Outstanding hereunder for

any purpose, except that the Registered Owners thereof shall be entitled to receive payment of the redemption price and interest accrued on the principal of the Bonds to the redemption date from the money set aside for such purpose.

D. Open Market Purchases. The District reserves the right to purchase any or all of the Bonds on the open market at any time at any price. The Bond Registrar need not select Term Bonds by lot for redemption pursuant to Section 5.A. hereof to the extent of Term Bonds so purchased in the open market.

E. Cancellation of Bonds. All Bonds purchased or redeemed under this Section 5 shall be cancelled.

F. Voluntary Redemption Notice. In addition to the notice required by subsection B of this Section, further notice may be given by the Bond Registrar as set forth 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 prescribed in said subsection B.

1. Each further voluntary notice of redemption given hereunder may contain the following information:

- a. the redemption date;
- b. the redemption price;
- c. if less than all Bonds Outstanding are to be redeemed, the identification (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;
- e. the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be either of the principal corporate trust offices of the Bond Registrar;
- f. the CUSIP numbers, if any, of all Bonds being redeemed;
- g. the date of issue of the Bonds as originally issued;
- h. the rate of interest borne by each Bond being redeemed;
- i. the maturity date of each Bond being redeemed; and

j. any other descriptive information needed to identify accurately the Bonds being redeemed.

2. Each further notice of redemption may be sent at least thirty (30) days before the redemption date by registered or certified mail or overnight delivery service to:

a. all registered securities depositaries then in the business of holding substantial amounts of obligations of types comprising the Bonds, such depositaries now being:

(1) The Depositary Trust Company, New York, New York, and

(2) Philadelphia Depositary Trust Company, Philadelphia, Pennsylvania; and to

3. Each such further notice may be published one time in the Bond Buyer of New York, New York, or, if such publication is impractical or unlikely to reach a substantial number of the Registered Owners of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

4. Upon the payments 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.

SECTION 6. DISTRICT DEBT LIMIT NOT EXCEEDED

The Board finds and covenants on behalf of the District that the Bonds, together with all other bonds issued simultaneously with the Bonds, are issued within the applicable constitutional and statutory limitations of the District.

SECTION 7. COVENANTS OF THE DISTRICT

The District hereby irrevocably covenants that for as long as any of the Bonds are Outstanding it will make annual levies of ad valorem taxes without limitation as to rate or amount upon all of the property within the District subject to taxation which, together with other money legally available therefor, will be sufficient in amount to pay the principal of and interest on the Bonds 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. The officers now or hereafter charged by law with the duty of levying taxes for the payment of said Bonds and the interest thereon shall, in the manner provided by law, make annual tax levies upon all of the taxable property within the District sufficient, together with other legally available money, to meet the annual payments of principal and semiannual payments of interest maturing and accruing as set forth in Section 3 hereof.

SECTION 8. TAX COVENANTS

A. The District covenants to comply with each requirement of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes. In furtherance of the covenant contained in the preceding sentence, the District covenants to comply with the provisions of the Arbitrage and Tax Regulatory Certificate (the "Tax Certificate") executed by the District on the date of initial issuance and delivery of the Bonds, as such Tax Certificate may be amended from time to time.

B. The District covenants to make any and all payments required to be made to the United States Department of the Treasury in connection with the Bonds pursuant to Section 148(f) of the Code.

C. Notwithstanding any other provision of this Resolution to the contrary, so long as necessary in order to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes, the covenants contained in this Section 8 shall survive the payment of the Bonds and the interest thereon, including any payment or defeasance thereof pursuant to Section 17 hereof.

D. Notwithstanding any other provision of this Resolution to the contrary, (a) upon the District's failure to observe or refusal to comply with the above covenants, the Registered Owners of the Bonds, or the trustee acting on their behalf, shall be entitled to the rights and remedies provided to Registered Owners under this Resolution, other than the right to declare the principal of all Bonds then outstanding, and the interest accrued thereon, to be due and payable and (b) neither the registered owners of bonds of any series other than the Bonds nor a trustee acting on their behalf shall be entitled to exercise any right or remedy provided to Registered Owners under this Resolution based upon the District's failure to observe, or refusal to comply with, the above covenants.

SECTION 9. CAPITAL PROJECTS FUND

Net proceeds, except accrued interest, if any, received from the sale of the Bonds will be deposited in the Capital Projects Fund of the District heretofore created pursuant to RCW 28A.320.330. Any interest earnings on money invested from the Capital Projects Fund shall be deposited into the Capital Projects Fund. The District's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties will be deposited into the Capital Projects Fund to assure completion of the Project.

The Bond proceeds shall be used to pay the Costs of the Project. When the Project has been completed and all Costs of the Project have been paid in full, any balance remaining in the Capital Projects Fund may be used for other capital improvements to the facilities of the District, or may be deposited into the Debt Service Fund.

SECTION 10. DEBT SERVICE FUND

There has heretofore been created, pursuant to RCW 28A.320.330, and shall be maintained in the office of the Treasurer, a fund separate and distinct from all other funds of the District, designated "Everett School District No. 2 Debt Service Fund (the "Debt Service Fund"), for the purpose of paying the principal of and interest on the Bonds and on all other outstanding general obligation bonds of the District when due. Accrued interest received from the sale of the Bonds will be deposited in the Debt Service Fund. Tax receipts and, as from time to time directed by the Board, other District funds legally available for payment of the Bonds shall be deposited in the Debt Service Fund to the extent necessary to satisfy the covenants set forth in Section 7 hereof.

SECTION 11. ENFORCEMENT OF RIGHTS

The Registered Owner of each of the Bonds or a trustee for the Registered Owners of any of the Bonds may by mandamus or other appropriate proceeding require the transfer and payment of money as directed in this Resolution.

SECTION 12. EXECUTION OF BONDS

Without unreasonable delay, the District shall cause definitive Bonds to be prepared, executed and delivered, which Bonds shall be lithographed or printed with steel engraved or lithographed borders. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the President of the Board, shall be attested by the manual or facsimile signature of the Secretary of the Board and shall have the seal of the District imprinted or impressed thereon.

The Bonds shall then be delivered to the Registrar for authentication. The Bonds shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification.

Until the definitive Bonds are prepared, the District may, if deemed necessary by the Secretary, utilize a temporary Bond, which Bond shall be typewritten, and shall be delivered to the purchaser of the Bonds in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds. Such temporary Bond shall be dated as of the date of the Bonds, shall be in the denomination of \$70,665,000, shall be numbered T-1, shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions and variations as may be appropriate to temporary bonds, and shall be manually signed by the President and the Secretary and shall have the seal of the

District affixed thereto. The Treasurer of the District shall be the Registrar in the event and for so long as a temporary Bond is utilized.

In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the District before the Bonds so signed or attested shall have been authenticated or delivered by the Registrar, or issued by the District, such Bonds may nevertheless be authenticated, delivered and issued, and, upon such authentication, delivery and issue, shall be as binding upon the District as though those who signed and attested 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 as at the actual date of execution of such Bond shall be 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 13. AUTHENTICATION AND DELIVERY OF BONDS

The Registrar is authorized and directed, on behalf of the District, to authenticate and deliver Bonds initially issued or transferred or exchanged in accordance with the provisions of the Bonds and this Resolution and to carry out all of the Registrar's powers and duties under this Resolution and the Fiscal Agency Agreement.

Only such Bonds as shall bear thereon a Certificate of Authentication substantially in the form set forth in Exhibit A hereto, that has been manually executed by an authorized representative of the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution. The Registrar shall be responsible for its representations contained in the Registrar's Certificate of Authentication on the Bonds.

SECTION 14. REGISTRATION

The Washington State Fiscal Agencies, in Seattle, Washington, and New York, New York, are hereby appointed as Registrar, authenticating agent, paying agent and transfer agent with respect to the Bonds, subject to the following terms and conditions:

A. The Bonds shall be issued only in registered form as to both principal and interest. The Registrar shall keep, or cause to be kept at either of its principal corporate trust offices, sufficient books for the registration and transfer of the Bonds, specifically the Bond Register, which shall at all times be open to inspection by the District.

B. Subject to the terms of the Fiscal Agency Agreement (as the same may be amended or supplemented), the District shall pay to the Registrar from time to time reasonable compensation for all services rendered under this Resolution, together with

reasonable expenses, charges, fees of counsel, accountants and consultants and other disbursements, including those of its attorneys, agents and employees, incurred in good faith in and about the performance of their powers and duties under this Resolution.

C. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

D. The Registrar may become the Registered Owner of Bonds with the same rights it would have if it were not the Registrar, and, to the extent permitted by law, may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners of the Bonds.

E. The District hereby specifies and adopts the system of registration for the Bonds approved by the Washington State Finance Committee.

SECTION 15. TRANSFER OR EXCHANGE OF THE BONDS

The Bonds shall be transferable by the Registered Owners thereof in person, or by their attorney duly authorized in writing, upon surrender of the Bonds accompanied by a written instrument of transfer in form satisfactory to the Registrar at either of the principal corporate trust offices of the Registrar for cancellation and issuance of new Bonds registered in the name of the transferee, in exchange therefor.

The Bonds shall be exchangeable for other Bonds of any authorized denomination or denominations, upon surrender and cancellation of said Bonds at either of the principal corporate trust offices of the Registrar.

Whenever a Bond shall be surrendered for transfer or exchange, the Registrar shall authenticate and deliver to the transferee or exchangee, in exchange therefor, a new fully registered Bond of any authorized denomination or denominations, of the same maturity and interest rate, and for the aggregate principal amount of such Bond being surrendered.

The Registrar shall require the payment by the Registered Owner requesting such transfer or exchange of any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

SECTION 16. MUTILATED, DESTROYED, LOST OR STOLEN BONDS

A. Bonds Issued in Substitution. If any Bond shall become mutilated, destroyed, lost or stolen, the affected Registered Owner shall be entitled to the issuance of a substitute Bond only as follows:

- (1) in the case of a lost, stolen or destroyed Bond, the Registered Owner shall (a) provide notice of the loss, theft or destruction to the District and

the Registrar within a reasonable time after the Registered Owner receives notice of the loss, theft or destruction, (b) request the issuance of a substitute Bond, (c) provide evidence, satisfactory to the District and the Registrar, of the ownership and the loss, theft or destruction of the affected Bond, and (d) file in the offices of the Treasurer and the Registrar a written affidavit specifically alleging on oath that said Registered Owner is the proper owner, payee or legal representative of such owner or payee of the Bond that has been lost, stolen or destroyed, giving the date the Bond was issued, the number, principal amount and series of such Bond, and stating that the Bond has been lost, stolen or destroyed, and has not been paid and has not been received by such Registered Owner;

(2) in the case of a mutilated Bond, the Registered Owner shall surrender the Bond to the Registrar for cancellation; and

(3) in all cases, the Registered Owner shall provide indemnity against any and all claims arising out of or otherwise related to the issuance of substitute Bonds pursuant to this Section 16 satisfactory to the District and the Registrar.

Upon compliance with the foregoing, a new Bond of like tenor and denomination (but bearing a number not contemporaneously Outstanding) shall be executed by the District, authenticated by the Registrar and delivered to the Registered Owner, all at the expense of the Registered Owner to whom the substitute Bond is delivered. Notwithstanding the foregoing, the Registrar shall not be required to authenticate and deliver any substitute Bond for a Bond that has matured or is about to mature and, in any such case, the principal and interest then due or becoming due shall be paid by the Registrar in accordance with the terms of the mutilated, destroyed, lost or stolen Bond without substitution therefor.

B. Notation on Bond Register. Upon the issuance and authentication of any substitute Bond under the provisions of this Section 16, the Registrar shall enter upon the Bond Register a notation that the original Bond was cancelled and a substitute Bond was issued therefor.

C. Rights of Substitute Bond. Every substitute Bond issued pursuant to this Section 16 shall constitute an additional contractual obligation of the District and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued hereunder unless the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by a bona fide purchaser for value without notice. In the event the Bond alleged to have been destroyed, lost or stolen shall be enforceable by anyone, the District may recover the substitute Bond from the Registered Owner to whom it was issued or from anyone taking under the Registered Owner except a bona fide purchaser for value without notice.

D. Exclusive Right. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or of investment or other securities without their surrender.

SECTION 17. DEFEASANCE

In the event that money and/or Government Obligations maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in such amounts as are sufficient (together with any resulting cash balances) to redeem and retire part or all of the Bonds in accordance with their terms are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Debt Service Fund or any account therein for the payment of the principal of and interest on the certain Bonds so provided for, and such Bonds and interest accrued thereon shall no longer be deemed to be Outstanding hereunder.

If the principal of any Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, has been paid or provision therefor made in accordance with this Section 17, all interest on such Bonds shall cease to accrue on the due date and all liability of the District with respect to such Bonds shall likewise cease, except as hereinafter provided. Thereafter, the Registered Owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds, and the Registrar shall hold such funds in trust for such Registered Owners uninvested and without interest, subject further to the provisions of Section 4.E. hereof..

SECTION 18. AMENDMENTS TO RESOLUTION

A. Supplemental Resolution. The Board from time to time, and at any time, may adopt a resolution or resolutions supplemental hereto, which resolution or resolutions thereafter shall become a part of this Resolution, for any one or more of all of the following purposes:

(1) To add to or delete from the covenants and agreements of the District in this Resolution, other covenants and agreements thereafter to be observed, that shall not adversely affect, in any material respect, the interests of the Registered Owners of any Bonds, or to surrender any right or power herein reserved.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision

contained in this Resolution or any resolution authorizing future bonds in regard to matters or questions arising under such resolutions as the Board may deem necessary or desirable and not inconsistent with such resolutions and that shall not adversely affect, in any material respect, the interests of the Registered Owners of the Bonds.

Any such supplemental resolution may be adopted without the consent of the Registered Owners of any Bonds at any time Outstanding, notwithstanding any of the provisions of subsection B. of this Section 18.

B. Amendment With Consent of Owners. With the consent of the Registered Owners of not less than 65 percent in aggregate principal amount of the Bonds at the time Outstanding, the Board may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to, or changing in any manner, or eliminating any of the provisions of this Resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall:

(1) extend the fixed maturity of any Bonds, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Bond so affected; or

(2) reduce the aforesaid percentage of Registered Owners of Bonds required to approve any such supplemental resolution, without the consent of the Registered Owners of all of the Bonds then Outstanding.

It shall not be necessary for the consent of Registered Owners of Bonds under this subsection B. to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

C. Effect of Amendments. Upon the adoption of any supplemental resolution pursuant to the provisions of this Section 18, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District hereunder and all Registered Owners of Bonds Outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes.

D. Legends. Bonds executed and delivered after the execution of any supplemental resolution adopted pursuant to the provisions of this Section 18 may have a notation as to any matter provided for in such supplemental resolution, and if such supplemental resolution shall so provide, new bonds so modified as to conform in the

opinion of the Board to any modification of this Resolution contained in any such supplemental resolution may be prepared and delivered without cost to the Registered Owners of any affected Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

SECTION 19. SALE OF BONDS

The Underwriters have offered to purchase all the Bonds to be issued pursuant to this Resolution, which offer has been made by means of and subject to the terms and conditions of the Purchase Contract, dated January 15, 1993, and attached hereto as Exhibit "C." It is hereby determined that it is in the best interest of the District to accept and approve the Purchase Contract. The Secretary of the Board is hereby authorized to execute and deliver such Purchase Contract on behalf of the District.

SECTION 20. APPROVAL OF PRELIMINARY OFFICIAL STATEMENT

The District hereby approves the Preliminary Official Statement, dated January 6, 1993, and authorizes the distribution of the Preliminary Official Statement by the Underwriters in connection with the offering of the Bonds. Pursuant to Securities and Exchange Commission rule 15c2-12 ("rule 15c2-12"), the District hereby deems this Preliminary Official Statement with the addendum page dated January 13, 1993 as final as of its date except for omission of information dependent upon the pricing of the issue and the completion of the underwriting agreement, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the Bonds dependent on the foregoing matters. The District agrees to cooperate with the Underwriters to deliver or cause to be delivered, within seven business days from the date of the Purchase Contract and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriters, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board.

SECTION 21. AUTHORIZATION OF OFFICIALS

The Authorized Officers are authorized and directed to execute all documents, including, without limitation, the final official statement, and to do everything necessary for the preparation and delivery of a transcript of proceedings pertaining to the Bonds, and the printing, execution and delivery of the Bonds, in definitive form, to the purchasers, each without unreasonable delay.

SECTION 22. REDEMPTION OF REFUNDED BONDS

The District hereby calls the Refunded Bonds for redemption on June 1, 1998, prior to maturity at a price equal to par plus accrued interest to the date of redemption. Upon delivery of the Bonds on the date of Closing, this call for redemption shall become irrevocable.

The Secretary is authorized and directed to give such notice as may be required, or cause such notice to be given, at the time and in the manner required, pursuant to law and the authorizing resolutions for the Refunded Bonds in order to effect the redemption prior to their maturity of the Refunded Bonds on the date set forth above.

SECTION 23. ESCROW

The Secretary is hereby authorized and directed to cause the establishment of an escrow, on behalf of the District, to effect the Refunding Plan by purchasing and holding Government Obligations (and cash, if necessary) in amounts and maturities sufficient to assure repayment of the principal of and interest, if any, on the Refunded Bonds. In order to carry out the purposes of this Resolution, the Secretary is authorized and directed to execute and deliver to the Refunding Trustee an escrow agreement substantially in the form of Exhibit "D" hereto. Said escrow agreement shall set forth the duties and obligations and responsibilities of the Refunding Trustee in connection with the refunding of the Refunded Bonds as provided herein. The Secretary shall have authority to execute all agreements necessary to effect such escrow arrangements.

SECTION 24. ACQUISITION OF GOVERNMENT OBLIGATIONS

The Secretary, on behalf of the District, shall obtain and deliver to the Refunding Trustee for deposit, or cause the Refunding Trustee to obtain and deposit, on or before the date of closing, into the escrow account provided for in the escrow agreement for the Refunded Bonds, cash and Government Obligations which shall be scheduled to provide cash flow sufficient to pay and redeem the Refunded Bonds as specified in Section 2 of this Resolution.

The Secretary shall designate or cause the Refunding Trustee to designate that all of the principal of and interest on the Government Obligations acquired or subscribed for shall be payable to the Refunding Trustee. Such subscriptions may be amended as permitted by federal law and regulations.

SECTION 25. VERIFICATION OF SUFFICIENCY OF ESCROW

The Secretary is authorized and directed to obtain, prior to Closing, independent verification from a nationally recognized firm of certified public accountants that, among other things, the cash flow scheduled to be received from the Government Obligations,

together with any uninvested initial cash, shall be sufficient to pay and redeem the Refunded Bonds as described in Section 2 of this Resolution. Any temporary or permanent substitutions of Government Obligations may only be effected in accordance with the document establishing the escrow provided for in Section 23 of this Resolution.

SECTION 26. DELIVERY OF BOND PROCEEDS TO REFUNDING TRUSTEE

The Treasurer shall cause accrued interest on the Bonds received at Closing to be deposited into the Debt Service Fund. At the direction of the Secretary, the Treasurer shall pay or deliver the principal proceeds of the Bonds applicable to the Refunded Bonds (except for amounts necessary to pay the expenses of carrying out the Refunding Plan, which shall be paid in such manner as determined by the Secretary of the District) to the Refunding Trustee or shall purchase Government Obligations for delivery to the Refunding Trustee, in each case to be used and applied by the Refunding Trustee pursuant to the document establishing the escrow provided for in Section 23 of this Resolution.

The Secretary is authorized and directed to execute and deliver all documents arrange purchase of Government Obligations, and take other actions necessary to accomplish the Refunding Plan.

SECTION 27. BOND COUNSEL

The District hereby designates Perkins Coie, Seattle, Washington, to act as bond counsel in connection with the issuance and delivery of the Bonds.

SECTION 28. CONTRACT--SEVERABILITY CLAUSE

The covenants contained in this Resolution and in the Bonds shall constitute a contract between the District and the Registered Owner of each and every Bond. 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 and final appeal (if any appeal be taken) 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 in this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

SECTION 29. HEADINGS


Headings used in this Resolution are for convenience of reference and shall not limit or affect the interpretation hereof.

SECTION 30. EFFECTIVE DATE


This Resolution shall be in full force and effect from and after its adoption.

ADOPTED AND APPROVED by the Board of Directors of the Everett School District No. 2, Snohomish County, Washington, at a special open public meeting thereof, notice of which was given as required by law, held this 15th day of January, 1993.


EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington



Roy Yates, President



Paul Baldwin, Member

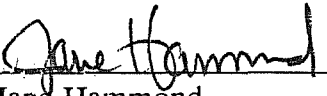


Charles E. Betts, Member

Sue M. Cooper, Member

Shirley Vandermeer, Member

ATTEST:



Jane Hammond

Superintendent and Secretary
of the Board of Directors

(S E A L)

CERTIFICATE

I, Jane Hammond, as Superintendent and Secretary of the Everett School District No. 2, of Snohomish County, Washington, hereby certify that the foregoing resolution is a full, true and correct copy of a resolution duly passed and adopted at a special meeting of the Board of Directors of said District, duly held at the regular meeting place thereof on January 15, 1993, of which meeting all members of said Board had due notice, and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

AYES, and in favor thereof, Directors:

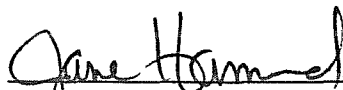
NAYS, Directors:

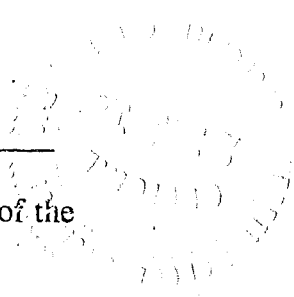
ABSENT, Directors:

ABSTAIN, Directors:

I further certify that I have carefully compared the same with the original resolution on file and of record in my office; that said resolution is a full, true and correct copy of the original resolution adopted at said meeting; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand on January 15, 1993.


Jane Hammond
Superintendent and Secretary of the
Board of Directors



(S E A L)

EXHIBIT "A"

BONDS TO BE REFUNDED

The following described Current Interest Bonds shall be refunded and redeemed on June 1, 1998, and at such time, the amounts on deposit shall be used to pay the principal on such bonds.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
December 1, 1998	\$1,465,000	6.90%
December 1, 1999	1,800,000	7.00
December 1, 2005	2,015,000	7.30
December 1, 2006	2,280,000	7.35
December 1, 2007	2,395,000	7.40
December 1, 2008	2,560,000	7.40
December 1, 2009	3,075,000	7.40

EXHIBIT "B"
To Bond
Resolution

[Face of Bond]

UNITED STATES OF AMERICA
STATE OF WASHINGTON

EVERETT SCHOOL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON
UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING
BOND, SERIES 1993

Interest Rate:	Maturity Date:	CUSIP No.
Registered Owner:		
Principal Amount:		DOLLARS

EVERETT SCHOOL DISTRICT NO. 2, Snohomish County, Washington (the "District"), promises to pay to the Registered Owner identified above or registered assigns, as hereinafter provided, on the Maturity Date identified above from the "Everett School District No. 2 Debt Service Fund" (the "Debt Service Fund"), the Principal Amount identified above and to pay interest computed on the basis of a 360-day year consisting of twelve 30-day months thereon from February 1, 1993, or the most recent date to which interest has been paid, or duly provided for, at the Interest Rate per annum specified above, payable commencing on June 1, 1993, and semiannually on each December 1 and June 1 to the Maturity Date.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid by check or draft mailed prior to or on each interest payment date to the Registered Owner or nominee of such owner whose name appears on the registration books (the "Bond Register") at the close of business on the fifteenth day of the calendar month preceding the interest payment date at the address appearing on the Bond Register. Principal shall be paid upon presentation and surrender of this bond by the Registered Owner or the nominee of such owner at either of the principal corporate trust offices of the Fiscal Agent of the State of Washington in Seattle, Washington or New York, New York. Interest installments may be paid by wire transfer to a Registered Owner of at least \$100,000 in principal amount of the Bonds, upon written request of such Registered Owner submitted to the Registrar at least 15 days prior to the interest payment date. Interest on each bond shall cease to accrue on its respective

maturity date whether or not it is surrendered for payment, unless the District fails to deposit with the Fiscal Agent sufficient funds to provide for the payment of principal thereof and interest thereon when due, in which case interest shall continue to accrue on the unpaid principal balance until the full amount of such unpaid principal balance shall have been paid or deposited with the Fiscal Agent.

Reference is hereby made to the additional provisions of this Bond set forth on the reverse side hereof and in Resolution No. 491 of the District adopted January 15, 1993 (the "Resolution") and such additional provisions shall for all purposes have the same effect as if set forth in this space. Unless defined herein, capitalized terms used herein shall have the meaning given to them in the Resolution.

This bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and laws of the state of Washington now in force, 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 series does not exceed 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 facsimile signature of its President, attested by the facsimile signature of the Secretary, and has caused a facsimile of the seal of the District to be reproduced hereon as of this 1st day of February, 1993.

EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington

[Facsimile signature]
President of the Board of Directors

(Facsimile Seal)

ATTEST:

[Facsimile signature]
Secretary

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the Everett School District No. 2 Unlimited Tax General Obligation and Refunding Bonds, Series 1993, dated as of February 1, 1993, and described in the within-mentioned Bond Resolution.

WASHINGTON STATE FISCAL AGENCY,
as Registrar

By _____
Authorized Officer

[Reverse of Bond]

ADDITIONAL PROVISIONS

This bond is one of a total issue of \$70,665,000 par value of bonds, all of which are of like date, tenor and effect, except as to number, denomination, option of redemption, interest rate, and date of maturity. The Bonds are issued as Serial bonds and Term bonds, and mature over the years 1993 through 2009, inclusive, and in the year 2012. The bonds are issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof within a single maturity. The bonds are issued by the District in order to provide funds to refund \$15,590,000 of the District's General Obligation Bonds, 1990 and to pay part of the cost of making certain capital improvements permitted by law necessary and proper to carry out the functions of the District, pursuant to an election held in the District on February 6, 1990 authorizing the same, and in accordance and in strict compliance with all statutes of the State of Washington applicable thereto, with the Constitution of the state of Washington and pursuant to the Resolution and all other duly adopted resolutions of the District.

This bond is transferable by the Registered Owner hereof or by the Registered Owner's duly authorized agent at the Registrar, but only in the manner and subject to the limitations set forth in the Resolution, and only upon the due completion of the assignment form appearing hereon and upon the surrender and cancellation of this bond. Upon such transfer, a new bond (or bonds at the option of the new Registered Owner) of the same maturity, interest rate and for the same aggregate principal amount will be issued to the new Registered Owner, without charge, except for any required tax, fee or governmental charge, in exchange therefor. This bond and other bonds may be surrendered to the Registrar and exchanged, without charge, except for any required tax, fee or governmental charge, for an equal aggregate principal amount of bonds of the same maturity and interest rate in any authorized denomination. The Registrar shall not be obligated to transfer or exchange any bond during the fifteen days preceding any principal payment or redemption date.

The Bonds maturing in the years 1993 through 2003, inclusive, shall not be subject to redemption prior to their stated dates of maturity. The Bonds maturing on and after December 1, 2004 are subject to optional redemption by the District on and after December 1, 2003, in whole at any time, or in part on any interest payment date (maturities to be selected by the District and by lot within a maturity in such manner as the Registrar shall determine), at a redemption prices listed below, expressed as a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest, if any, to the date of redemption.

<u>Redemption Dates (inclusive)</u>
December 1, 2003 through November 30, 2004

<u>Redemption Prices</u>
102 %

December 1, 2004 through November 30, 2005	101%
December 1, 2005 and thereafter	100%

The Term Bonds maturing on December 1, 2012 shall be subject to mandatory redemption prior to maturity, in part, by lot in such manner as the Bond Registrar shall determine, on December 1 in the years 2010 through 2012, inclusive, at the price of par plus accrued interest to the date of redemption, from mandatory sinking fund deposits into the Debt Service Fund (which are hereby established) in the amounts set forth below:

Mandatory Redemption Date	Mandatory Redemption Amount
December 1, 2010	\$5,025,000
December 1, 2011	8,860,000
December 1, 2012	9,565,000

Notice of any intended redemption will be given by first-class mail to the Registered Owners of the bonds to be redeemed at their addresses as they appear on the Bond Register. Such mailing will be made not less than 30 nor more than 60 days prior to the date fixed for redemption. Interest on bonds called for redemption shall cease to accrue on the date fixed for redemption unless the bond or bonds called are not redeemed when presented pursuant to the call.

The District hereby irrevocably covenants that for as long as any of the bonds are Outstanding, it will make annual levies of ad valorem taxes without limitation as to rate or amount upon all the property within the District subject to taxation which, with other money legally available therefor, will be sufficient to pay the principal of and interest on the bonds as the same shall become due. The full faith, credit and taxing power 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.

LEGAL OPINION

It is hereby certified that the following is a true and complete copy of the legal opinion of Perkins Coie, Seattle, Washington, on file in my office, which opinion is dated the date of delivery of and payment for the bonds described therein, an original of which was delivered to me on said date, and is a part of the permanent records of the District.

EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington

[Facsimile signature]
Secretary

[Legal Opinion of Perkins Coie to Appear Here]

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --	as tenants in common	UNIF TRFS MIN ACT.....	_____	...	_____
			(Cust)		(Minor)
TEN ENT --	as tenants by the entireties		under Uniform Gifts to Minors Act _____		
JT TEN --	as joint tenants with right of survivorship and not as tenants in common				(State)

Additional abbreviations may also be used although not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Name of Transferee: _____

Address: _____

Tax Identification No.: _____
the within bond and hereby irrevocably constitutes and appoints

to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature: _____

Registered Owner

NOTE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

Bank, Trust Company or Member Firm
of the New York Stock Exchange

Authorized Officer

February __, 1993

Honorable President and Members
of the Board of Directors
Everett School District No. 2
4730 Colby Avenue
P. O. Box 2098
Everett, Washington 98203

**Re: Everett School District No. 2, Snohomish County, Washington;
Unlimited Tax General Obligation and Refunding Bonds, Series
1993; Principal Amount of \$70,665,000; Dated as of February 1,
1993**

Honorable President and Members of the Board of Directors:

We have examined a certified transcript of the proceedings of the Board of Directors of Everett School District No. 2, Snohomish County, Washington (the "District"), relative to the authorization, issuance and sale of a series of bonds designated "Everett School District No. 2 Unlimited Tax General Obligation and Refunding Bonds, Series 1993" (the "Bonds"), authorized at a special election duly noticed, held and conducted within said District on February 6, 1990, and authorized to be issued, sold and delivered pursuant to Resolution No. 491, adopted on January 15, 1993 (the "Resolution"). Capitalized terms used herein shall have the meanings given to them by the Resolution.

The Bonds are issued as serial Bonds and Term Bonds, are dated as of February 1, 1993 and are issued in the aggregate principal amount of \$70,665,000, in fully registered form, in the denominations of \$5,000 each or any integral multiple thereof within a single maturity.

The serial Bonds mature on the dates and bear interest at the rates set forth in the following schedule:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
December 1, 1993	\$320,000	2.7%
December 1, 1994	165,000	3.3

December 1, 1995	175,000	4.1
December 1, 1996	180,000	4.4
December 1, 1997	190,000	4.7
December 1, 1998	3,700,000	4.9
December 1, 1999	4,290,000	5.1
December 1, 2000	2,540,000	7.25
December 1, 2001	2,480,000	7.0
December 1, 2002	2,500,000	7.0
December 1, 2003	2,070,000	5.55
December 1, 2004	1,970,000	5.75
December 1, 2005	4,755,000	5.85
December 1, 2006	4,950,000	6.0
December 1, 2007	5,030,000	6.0
December 1, 2008	5,810,000	6.1
December 1, 2009	6,090,000	6.2

The Term Bonds mature on the dates and bear interest at the rates set forth in the following schedule:


December 1, 2010	5,025,000	6.2 %
December 1, 2011	8,860,000	6.2
December 1, 2012	9,565,000	6.2

The Bonds bear interest from their date at the rates set forth above, payable commencing on June 1, 1993, and semiannually thereafter on each December 1 and June 1, to their stated dates of maturity. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.


The Resolution provides that both principal of and interest on the Bonds are payable in lawful money of the United States of America to the Registered Owners thereof, whose names and address appear on the Bond Register maintained by the Registrar. Payment of each installment of interest shall be made to the Registered Owner whose name appears on the Bond Register at the close of business on the fifteenth day of the calendar month preceding the interest payment date, and shall be paid by check or draft of the Registrar mailed to such Registered Owner on the due date at the address appearing on such Bond Register, or at such other address as may be furnished in writing by such Registered Owner to the Registrar. Interest installments may be paid by wire transfer to a Registered Owner of at least \$100,000 in principal amount of the Bonds, upon written request of such Registered Owner submitted to the Registrar at least 15 days prior to the interest payment date. The Resolution also provides that the principal of the Bonds is payable to the

ADOPTED AND APPROVED by the Board of Directors of the Everett School District No. 2, Snohomish County, Washington, at a special open public meeting thereof, notice of which was given as required by law, held this 15th day of January, 1993.

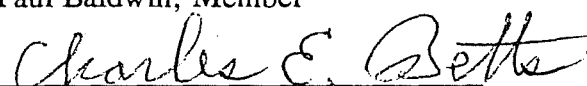
EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington



Roy Yates, President



Paul Baldwin, Member

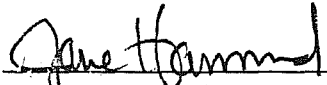


Charles E. Betts, Member

Sue M. Cooper, Member

Shirley Vandermeer, Member

ATTEST:



Jane Hammond
Superintendent and Secretary
of the Board of Directors

(S E A L)

CERTIFICATE

I, Jane Hammond, as Superintendent and Secretary of the Everett School District No. 2, of Snohomish County, Washington, hereby certify that the foregoing resolution is a full, true and correct copy of a resolution duly passed and adopted at a special meeting of the Board of Directors of said District, duly held at the regular meeting place thereof on January 15, 1993, of which meeting all members of said Board had due notice, and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

AYES, and in favor thereof, Directors:

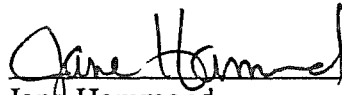
NAYS, Directors:

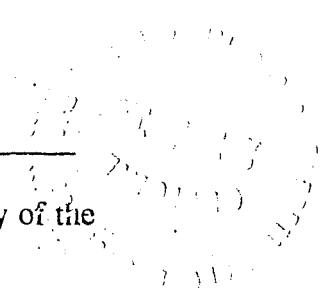
ABSENT, Directors:

ABSTAIN, Directors:

I further certify that I have carefully compared the same with the original resolution on file and of record in my office; that said resolution is a full, true and correct copy of the original resolution adopted at said meeting; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand on January 15, 1993.


Jane Hammond
Superintendent and Secretary of the
Board of Directors



(S E A L)

Registered Owners, upon presentation and surrender of the Bonds on or after their respective dates of maturity or prior redemption, at one of the principal corporate trust offices of the Registrar.

The Bonds maturing on and after December 1, 2004 are subject to redemption at the option of the District on and after December 1, 2003, in whole at any time, or in part on any interest payment date, at a redemption price listed below, specified as a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest, if any, to the date of redemption.

<u>Maturity Date</u>	<u>Redemption Price</u>
December 1, 2003	102 %
December 1, 2004	101 %
December 1, 2005 and thereafter	100 %

Notice of any such redemption, unless waived by the Registered Owner, shall be sent by the Registrar by first-class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the Registered Owner of each Bond to be redeemed, at the address appearing on the Bond Register maintained by the Registrar, or at such other address as may be furnished in writing by such Registered Owner to the Registrar. The requirements of the Resolution shall be deemed to be complied with when notice is mailed as provided in the Resolution, whether or not such notice is actually received by the Registered Owner of any Bond to be redeemed. When so called for redemption, the Bonds shall cease to accrue interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be Outstanding as of such redemption date.

The Bonds are transferable or exchangeable by the Registered Owners thereof in person, or by his attorney duly authorized in writing, upon presentation and surrender at either of the principal corporate trust offices of the Registrar. Upon such transfer or exchange, a new Bond or Bonds of an authorized denomination, of the same maturity and interest rate, and for the same aggregate principal amount will be issued to the transferee or exchangee, in exchange therefor.

The Bonds are issued to provide a portion of the funds necessary for the acquisition, construction and installation of certain capital improvements to the District's educational facilities as more fully described in the Resolution.

We also have examined a specimen of a Bond of this series, and have found that the same is in the form required by law.

In our opinion, said proceedings show lawful authority for the issuance of the Bonds under the Constitution and laws of the State of Washington now in force, and the Bonds constitute and are the valid and binding general obligations of the District, payable from ad valorem taxes levied and to be levied upon all taxable property within the District unlimited as to rate or amount. The full faith and credit of the District is pledged for the payment of the principal of and interest on the Bonds.

The Internal Revenue Code of 1986 (the "Code"), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with these requirements could cause the interest on the Bonds to be included in gross income retroactive to their date of issue. The District has covenanted in the Resolution to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law and assuming compliance with the aforementioned covenant, interest on the Bonds is excluded from gross income for federal income tax purposes. The Bonds are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code. However, we note that a portion of the interest on the Bonds owned by corporations may be subject to the federal alternative minimum tax, which is based in part on adjusted net book income or adjusted current earnings.

Except as stated in the preceding paragraphs, we express no opinion as to any other federal or state tax consequences of the ownership or disposition of the Bonds.

In rendering the opinions expressed above, we are relying upon representations and covenants of the District in the Resolution and the District's Arbitrage and Tax Regulatory Certificate of even date herewith concerning the investment and use of the Bond proceeds. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of interest on the Bonds from gross income under Section 103(a) of the Code in the event that any such representations are untrue or the District fails to comply with such covenants. Further, we express no opinion as to the tax-exempt status of the interest on the Bonds in the event the District secures an opinion of nationally recognized bond counsel other than ourselves that the representations and covenants contained in the

District's Arbitrage and Tax Regulatory Certificate may be modified, that any action required thereunder is no longer required, or that some further action is required.

It is to be understood that the rights of the Registered Owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

PERKINS COIE

Roy J. Koegen

EXHIBIT "C"
To Bond
Resolution

BOND PURCHASE CONTRACT

EVERETT SCHOOL DISTRICT NO. 2, SNOHOMISH COUNTY,
WASHINGTON

UNLIMITED TAX GENERAL OBLIGATION BONDS, 1993

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 6, 1993

ADDENDUM

With respect to the captioned Preliminary Official Statement, Everett School District No. 2, Snohomish County, Washington, (the "District") advises the Underwriters that said Preliminary Official Statement should be revised to reflect that the District, in addition to issuing bonds as specified therein for capital improvements to the District's facilities, intends to issue bonds in an amount sufficient to refund \$15,590,000 of the District's Unlimited Tax General Obligation Bonds, Series 1990, dated June 1, 1990, as part of the proposed bond offering.

DATED: JANUARY 13, 1993

EXHIBIT "D"

FORM OF ESCROW AGREEMENT

**EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington**

**UNLIMITED TAX GENERAL OBLIGATION AND
REFUNDING BONDS, SERIES 1993
PRINCIPAL AMOUNT OF \$70,665,000**

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, is made and entered into as of the 1st day of February, 1993, by and between Everett School District No. 2, Snohomish County, Washington (the "District"), and Seattle-First National Bank, Seattle, Washington (the "Refunding Trustee");

WITNESSETH

Section 1: RECITALS

Pursuant to Resolution No. 420, adopted by the Board of Directors of the District (the "Board") on May 17, 1990, the District has issued, sold and delivered \$27,999,138.00 principal amount of its Unlimited Tax General Obligation Bonds, Series 1990 (the "Outstanding Bonds"). The District, by Resolution No. 491 adopted by the Board on January 15, 1993 (the "Resolution"), has determined to refund \$15,590,000 of the Outstanding Bonds as described in Exhibit "A" (the "Refunded Bonds") by the issuance of \$70,665,000 Unlimited Tax General Obligation and Refunding Bonds, Series 1993 (the "Refunding Bonds"). Reference is hereby made to the Resolution for a description of the Refunding Plan.

Section 2: PROVISIONS FOR REFUNDING THE REFUNDED BONDS

The District agrees to deposit the amount of \$ _____ of the proceeds of the Bonds in account number _____ with the Refunding Trustee. Out of such account, the Refunding Trustee agrees to pay costs of issuance of the Bonds up to \$ _____ and with \$ _____ to purchase promptly and to deposit irrevocably in trust for the security and benefit of the holders and owners of the Refunded Bonds sufficient direct obligations of the United States of America or evidence thereof as described in Exhibit "B" attached hereto as necessary for paying the interest on the Refunded Bonds up to and including June 1, 1998, and, on June 1, 1998, paying and redeeming all of the Refunded Bonds at par and to hold \$ _____ as a beginning cash

balance in said account. The obligations described in Exhibit "B" are referred to herein as "Government Obligations". All Government Obligations shall be non-callable direct obligations of the United States and shall mature not later than the respective interest payment or principal redemption dates of the Refunded Bonds.

Execution of this Escrow Agreement by the Refunding Trustee shall constitute written acknowledgment by the Refunding Trustee of its receipt from the District of the amounts specified herein.

The District has caused to be delivered to the Refunding Trustee a statement setting forth the interest payment schedule and maturity schedule of the Refunded Bonds by number, amount, date of maturity and interest rates, the amount of interest to be paid on each semiannual interest payment date, if any, and the amount of the principal to be paid on the date that the Refunded Bonds are to be redeemed. By execution of this Escrow Agreement the Refunding Trustee acknowledges receipt of these statements.

The District by the Resolution has directed to be set aside sufficient money to purchase Government Obligations which will be used to pay the interest on and to redeem the Refunded Bonds as provided in this Section 2. The District by the Resolution has irrevocably made provision for calling the Refunded Bonds, as more fully described in Exhibit "A" hereto, for redemption and prepayment on June 1, 1998. Said provisions for payment of interest and redemption and prepayment of the Refunded Bonds shall be irrevocable upon execution of this Escrow Agreement. The Refunding Trustee, in concert with the District, shall provide for the proper notice of such redemption and prepayment of the Refunded Bonds in accordance with the provisions of Resolution No. 420, adopted on May 17, 1990, and applicable law. Notice shall be given by publication thereof in the official newspaper of Snohomish County not less than thirty (30) nor more than forty (40) days prior to such intended redemption, and by mailing like notices at the same time to Standard and Poor's Corporation and Moody's Investors Service, Inc., New York, New York, or to their successors, if any, and to the main office of the purchaser or account manager of the purchasers of said bonds at their sale by the District, or the business successor of said purchaser or account manager at its main place of business.

Section 3: DISBURSEMENTS BY REFUNDING TRUSTEE

The Refunding Trustee shall present for payment on the due dates thereof any Government Obligations deposited with it and shall apply the proceeds derived therefrom and the interest paid thereon in accordance with the provisions of the Resolution and this Escrow Agreement. Money shall be transferred in a timely manner by the Refunding Trustee to the fiscal agency or agencies of the State of Washington, in amounts sufficient for the payments specified in Section 2 hereof.

Section 4: CUSTODY AND SAFEKEEPING OF OBLIGATIONS

For as long as any of the Refunded Bonds are outstanding, on or before the twentieth day of each June and December, commencing with June, 1993, the Refunding

Trustee shall render a statement for the escrow account as of the last day of the preceding month to the District, which statement shall set forth the cash and Government Obligations held by the Refunding Trustee, any of such Government Obligations which have matured and the amounts received by the Refunding Trustee by reason of such maturity, the interest earned on any of such Government Obligations, the amounts of cash delivered to the Fiscal Agency and the dates of the use thereof for the payment of the principal of and interest on the Refunded Bonds as the same shall become due and payable, and any other transactions of the Refunding Trustee pertaining to its duties and obligations as set forth herein.

All Government Obligations, money and investment income deposited with or received by the Refunding Trustee pursuant to this Escrow Agreement shall be trust funds for the specific purposes set forth herein and may not be used for any other purpose.

The District may, according to the terms of the Resolution, substitute other securities for the Government Obligations. All securities substituted for the Government Obligations (herein, the "Substitute Obligations") shall be direct obligations of the United States, shall mature not later than the Government Obligations for which they are substituted and shall be sufficient in amounts to satisfy the requirements of clause (a) below. The Refunding Trustee agrees to any such substitution; provided, however, that prior to effectuating any such substitution, the District shall have obtained and delivered to the Refunding Trustee for the escrow account:

(a) a supplemental verification addressed to the District and to the Refunding Trustee by a nationally recognized firm of certified public accountants that the Government Obligations, the Substitute Obligations and other money to be retained by the Refunding Trustee after the proposed substitution for purposes of making the payments described in Section 2 hereof will be adequate to make all remaining payments described in said Section 2 and that such Substitute Obligations are noncallable; and

(b) an opinion addressed to the District and the Refunding Trustee from nationally recognized bond counsel that such substitution of obligations will not cause the interest on the Refunded Bonds or the Bonds to become includible in gross income for federal income tax purposes.

If at any time the Refunding Trustee has money available that does not constitute surplus money pursuant to Section 5 hereof, the Refunding Trustee shall be required to purchase United States Treasury Certificates of Indebtedness, Notes and Bonds--State and Local Government Series ("SLG's") bearing zero percent interest (and maturing on the next interest payment date) if it is legally possible to make such a purchase. If the Refunding Trustee cannot legally purchase SLG's as required by this Section 4 the Refunding Trustee shall not invest such money.

Section 5: SURPLUS MONEY

If at any time during the term of the escrow created pursuant to this Escrow Agreement there should be Government Obligations, Substitute Obligations and/or money held by the Refunding Trustee in excess of that required to make all remaining payments described in Section 2 hereof, when due, considering the interest to be earned on such Government Obligations or Substitute Obligations, and the District requests in writing that such surplus obligations or the proceeds thereof or such surplus money be returned by the Refunding Trustee to the District, the Refunding Trustee shall do so forthwith; provided, however, that prior to requesting any such transfer, the District shall have furnished to the Refunding Trustee for each escrow account:

(a) a supplemental verification addressed to the District and the Refunding Trustee by a nationally recognized firm of certified public accountants that the Government Obligations, Substitute Obligations and other money to be retained by the Refunding Trustee after the transfer of the surplus money for the purpose of making all remaining payments described in Section 2 hereof will be adequate to make all such payments; and

(b) an opinion addressed to the District and the Refunding Trustee from nationally recognized bond counsel that such transfer will not cause the interest on the Refunded Bonds or the Bonds to become includible in gross income for federal income tax purposes.

Section 6: DUTIES AND OBLIGATIONS OF THE REFUNDING TRUSTEE

The duties and obligations of the Refunding Trustee shall be as prescribed by the provisions of this Escrow Agreement and the Resolution, and the Refunding Trustee shall not be liable except for the performance of its duties and obligations as so specifically set forth and to act in good faith and without negligence in the performance thereof, and no implied duties or obligations shall be incurred by the Refunding Trustee other than the duties and obligations specified herein.

Section 7: COMPENSATION OF REFUNDING TRUSTEE

By execution hereof the Refunding Trustee acknowledges receipt of the sum of \$_____ for services rendered and to be rendered by it pursuant to the provisions of this Escrow Agreement in payment of all fees, compensation and expenses of the Refunding Trustee, and the Refunding Trustee expressly acknowledges that it is not entitled to a lien on any Government Obligations, Substitute Obligations or other obligations or money of the District held by it pursuant to this Escrow Agreement.

Such arrangement for compensation and expenses is intended as compensation for the ordinary services as contemplated by this Escrow Agreement, and in the event that the Refunding Trustee renders any service hereunder not provided for in this Escrow

Agreement, or the Refunding Trustee is made a party to or intervenes in any litigation pertaining to this Escrow Agreement or institutes interpleader proceedings relative hereto, the Refunding Trustee shall be compensated reasonably by the District for such extraordinary services and reimbursed for all fees, costs, liability and expenses (including reasonable attorneys' fees) occasioned thereby. The agreement contained in this Section 7 shall survive the termination of this Escrow Agreement.

Section 8: AMENDMENTS TO ESCROW AGREEMENT

The Refunding Trustee and the District recognize that the owners from time to time of the Refunded Bonds have a beneficial interest in the Government Obligations and Substitute Obligations and money to be held by the Refunding Trustee as herein provided. Therefore, this Escrow Agreement shall not be subject to amendment except that it may be amended (a) to clarify any ambiguity, (b) to alter the reporting or other ministerial obligations of the Refunding Trustee to the District, or (c) in any other manner, in the opinion of the District, evidenced by a certificate, that does not materially adversely affect the Registered Owners of the Outstanding Bonds or the Registered Owners of the Bonds; provided that no such amendment shall permit the Refunding Trustee to invest in or deposit in the Escrow Account any obligations other than noncallable direct obligations of the United States of America, and each such amendment shall be accompanied by:

(a) a letter addressed to the District and the Refunding Trustee by a nationally recognized firm of certified public accountants verifying the computations which indicate that the Government Obligations, Substitute Obligations and other money to be retained by the Refunding Trustee for the purpose of making the payments described in Section 2 will be adequate, after making the amendment, to make all such payments;

(b) an opinion addressed to the District and the Refunding Trustee from nationally recognized bond counsel that the amendment will not cause the interest on the Refunded Bonds or the Bonds to become includible in gross income for federal income tax purposes.

Section 9: LIMITATION OF REFUNDING TRUSTEE DUTIES

None of the provisions contained in this Escrow Agreement shall require the Refunding Trustee to use or advance its own funds or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Refunding Trustee shall be under no liability for the payment of interest on any funds or other property received by it hereunder except to the extent the Refunding Trustee is required by the express terms of this Escrow Agreement to invest such funds.

Section 10: NOTIFICATION OF DEFICIENCY

The Refunding Trustee shall give the District prompt notice if the Refunding Trustee shall determine there are or will be insufficient money, Government Obligations,

Section 14: EXECUTION IN COUNTERPARTS

This Escrow Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same Escrow Agreement.

EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington

By _____
Jane Hammond
Secretary of the Board of Directors

SEATTLE-FIRST NATIONAL BANK
Seattle, Washington

By: _____
Debbie Knox
Refunding Trustee