

**RESOLUTION NO. 606**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF EVERETT SCHOOL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON, AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF \$34,250,000 OF THE DISTRICT'S UNLIMITED TAX GENERAL OBLIGATION BONDS, SERIES 1997, TO PROVIDE MONEY FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN CAPITAL IMPROVEMENTS TO THE DISTRICT'S EDUCATION FACILITIES WITH APPROPRIATE APPURTENANCES, FIXTURES AND FURNISHINGS; PROVIDING FOR THE DESIGNATION, DATE, TERMS, MATURITIES, FORM, PAYMENT AND REDEMPTION PROVISIONS OF THE BONDS; DESIGNATING A FISCAL AGENT; PLEDGING THE DISTRICT'S FULL FAITH CREDIT AND RESOURCES TO THE PAYMENT OF THE BONDS; PROVIDING FOR DEPOSITS INTO CERTAIN FUNDS AND ACCOUNTS; COVENANTING TO COMPLY WITH CERTAIN FEDERAL TAX AND SECURITIES LAWS; PROVIDING THAT PAYMENT OF THE BONDS BE INSURED; RATIFYING CERTAIN ACTIONS IN CONNECTION WITH THE PRELIMINARY OFFICIAL STATEMENT; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO**

## TABLE OF CONTENTS

Section 1: Definitions .....	3
Section 2: Interpretation .....	5
Section 3: The Project .....	6
Section 4: Authorization of the Bonds .....	7
Section 5: Redemption Prior to Maturity .....	8
Section 6: Place, Manner and Medium of Payment .....	10
Section 7: Pledge of Full Faith, Credit and Resources of the District .....	11
Section 8: The Debt Service Fund .....	11
Section 9: The Capital Projects Fund .....	12
Section 10: Execution and Authentication of the Bonds .....	12
Section 11: The Registrar .....	13
Section 12: Book-Entry System Authorized .....	14
Section 13: Transfer and Exchange of the Bonds .....	16
Section 14: Mutilated, Lost, Stolen or Destroyed Bonds .....	16
Section 15: Defeasance of the Bonds .....	18
Section 16: Tax Covenants .....	18
Section 17: Amendments to the Resolution .....	19
Section 18: Sale and Delivery of the Bonds Authorized .....	20
Section 19: Ratification of the Preliminary Official Statement .....	20
Section 20: Covenant to Provide Continuing Disclosure .....	20
Section 21: Municipal Bond Insurance .....	24
Section 22: Contract and Severability of Provisions .....	26
Section 23: No Personal Recourse .....	26
Section 24: Ratification .....	26
Section 25: Repealer .....	26
Section 26: Effective Date .....	27
Exhibit "A": Form of Bond	
Exhibit "B": Copy of Purchase Contract	
Exhibit "C": Form Letter of Representations	

**RESOLUTION NO. 606**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF EVERETT SCHOOL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON, AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF \$34,250,000 OF THE DISTRICT'S UNLIMITED TAX GENERAL OBLIGATION BONDS, SERIES 1997, TO PROVIDE MONEY FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN CAPITAL IMPROVEMENTS TO THE DISTRICT'S EDUCATION FACILITIES WITH APPROPRIATE APPURTENANCES, FIXTURES AND FURNISHINGS; PROVIDING FOR THE DESIGNATION, DATE, TERMS, MATURITIES, FORM, PAYMENT AND REDEMPTION PROVISIONS OF THE BONDS; DESIGNATING A FISCAL AGENT; PLEDGING THE DISTRICT'S FULL FAITH CREDIT AND RESOURCES TO THE PAYMENT OF THE BONDS; PROVIDING FOR DEPOSITS INTO CERTAIN FUNDS AND ACCOUNTS; COVENANTING TO COMPLY WITH CERTAIN FEDERAL TAX AND SECURITIES LAWS; PROVIDING THAT PAYMENT OF THE BONDS BE INSURED; RATIFYING CERTAIN ACTIONS IN CONNECTION WITH THE PRELIMINARY OFFICIAL STATEMENT; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO**

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

**UNLIMITED TAX GENERAL OBLIGATION BONDS, SERIES 1997  
PRINCIPAL AMOUNT OF \$34,250,000**

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

WHEREAS, the 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 the laws of the State of Washington (the "State");

WHEREAS, the District is authorized and empowered by chapters 28A.530, 39.36 and 39.46 RCW to sell, issue and deliver its general obligation bonds to finance the acquisition, construction and installation of capital improvements to the education facilities of the District, all as more specifically set forth in Section 3 of this Resolution;

WHEREAS, the District's Board of Directors (the "Board") has determined that it is in the best interest of the District's residents that the District acquire, construct and install said improvements;

WHEREAS, the Board, by Resolution No. 581, adopted February 26, 1996, ordered a special election to be held within the District for the submission to the qualified electors of the District the question of whether the District should issue not to exceed \$68,500,000 principal amount (the "Authorized Amount") of unlimited tax general obligation bonds to provide the money to pay the costs of said improvements;

WHEREAS, at said special election, duly noticed, held and conducted within the District on April 23, 1996, the qualified electors of the District approved the incurrence of said debt and the issuance of said bonds;

WHEREAS, the Board deems it necessary and advisable that the District sell, issue and deliver at this time its unlimited tax general obligation bonds in the principal amount of \$34,250,000 of such Authorized Amount to pay a portion of the costs of said improvements;

WHEREAS, the principal amount of the Bonds, when added to all other outstanding general obligation debt heretofore authorized and issued by the District (\$161,850,138), does not exceed \$282,719,746, which is the District's limitation of indebtedness prescribed by RCW 39.36.020(b);

WHEREAS, pursuant to the provisions of RCW 43.80.120, the State Finance Committee from time to time designates certain financial institutions to act as the fiscal agent for the State and any political subdivisions thereof who so designate, and the District wishes to establish the procedures pursuant to which said fiscal agent will carry out its duties with respect to the Bonds;

WHEREAS, MBIA Insurance Corporation has offered to provide the District with an insurance policy insuring payments on the Bonds;

WHEREAS, the Board has been advised by Bank of America National Trust and Savings Association, doing business as Seafirst Bank, that the amount of the premium the District will be required to pay for such municipal bond insurance policy (approximately \$60,000) is less than the present value of the difference between the interest that the Bonds would bear if they are not insured and the interest that the Bonds will bear if they are insured;

WHEREAS, the Board finds that the purchase from MBIA Insurance Corporation of said insurance policy is in the District's best interest;

WHEREAS, Seafirst Bank and Smith Barney, Inc. has offered to purchase the Bonds at the price and according to the terms set forth in the offer to purchase hereinafter described; and

WHEREAS, the Board has determined it to be in the best interest of the District to accept such offer and to sell the Bonds at negotiated sale pursuant to chapter 39.46 RCW;

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

## **Section 1: Definitions**

As used in this Resolution, the following terms have the meanings provided in this Section 1. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words imparting the singular number shall include the plural numbers and vice versa, unless the context shall otherwise dictate.

"Acquisition," "Acquiring" or "Acquire" shall include purchase, securing, lease, receipt by gift or grant, condemnation, transfer or other acquirement, or any combination thereof.

"Authorized Amount" shall mean the \$68,500,000 principal amount of unlimited tax general obligation bonds authorized at the special election held within the District on April 23, 1996.

"Board" shall mean the District's Board of Directors, as duly and regularly constituted from time to time.

"Bond Register" shall mean the registration records maintained by the Registrar on which shall appear the names and addresses of the Registered Owners.

"Bonds" shall mean the herein-authorized series of bonds, designated as "Everett School District No. 2 Unlimited Tax General Obligation Bonds, Series 1997."

"Capital Projects Fund" shall mean the District's "Capital Projects Fund" heretofore created pursuant to RCW 28A.320.330, and referred to in Section 9 of this Resolution.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any Treasury Regulations promulgated thereunder.

"Costs of the Project" shall mean all fees, costs and expenses designated by the Board as costs of the Project, which costs, at the option of the Board, may include any or all of the following, without limitation: (1) preliminary expenses advanced by the District from money available for the use therefor, or advanced from any other source, with approval of the Board, or any combination thereof; (2) the costs of making surveys, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries; (3) the costs of Acquiring any real or personal property, tangible or intangible, and any interest in property; (4) the costs of constructing and installing the capital improvements financed with the Bond proceeds as set forth in Section 3 hereof; (5) the costs of Acquiring and installing appurtenances, equipment, fixtures and furnishings necessary to operate and maintain the capital improvements financed with the Bond proceeds, including technology improvements as set forth in Section 3 hereof; (6) the costs of appraising, printing, estimates, advice, services of engineers, architects, financial consultants, attorneys at law, clerical help or other agents or employees; (7) the costs of contingencies; (8) the costs of any discount on the Bonds, the costs of issuing, registering and authenticating the Bonds and the costs, if any, of rating agencies and of bond insurance; (9) the costs of Acquiring any licenses, privileges, agreements and franchises; and (10) all other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the Board.

"Debt Service Fund" shall mean the District's "Debt Service Fund" heretofore created pursuant to RCW 28A.320.330, and referred to in Section 8 of this Resolution.

"District" shall mean the Everett School District No. 2, Snohomish County, Washington.

"DTC" shall mean The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, which will act as securities depository for the Bonds.

"Government Obligations" shall have the meaning now or hereafter ascribed to such phrase in RCW 39.53.010.

"Insurer" shall mean MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York.

"Letter of Representations" shall mean the letter setting forth certain understandings of the District and the Registrar with respect to DTC's services.

"Outstanding" shall mean, 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 canceled because of payment or redemption prior to their stated dates of maturity and (2) any Bond (or portion thereof) deemed to have been paid pursuant to Section 15 of this Resolution.

"Participants" shall mean those broker-dealers, banks and other financial institutions from time to time for which DTC holds the Bonds as securities depository.

"President" shall mean the President of the Board, or any presiding officer or titular head of the Board, or her successor in function, if any.

"Project" shall mean the Acquisition, construction and installation of certain capital improvements to the District's education facilities, all as described in Section 3 of this Resolution.

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

"Registrar" shall mean either of the Washington State Fiscal Agents in Seattle, Washington, or New York, New York, acting in the capacity as registrar, authenticating agent, paying agent and transfer agent of the Bonds, or their successors in functions, as now or hereafter designated.

"Resolution" shall mean this Resolution No. 606, adopted by the Board on January 9, 1997, authorizing the sale, issuance and delivery of the Bonds.

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

"Treasurer" shall mean the Snohomish County Treasurer, as ex officio treasurer of District and any successor in functions, if any.

"Underwriter" shall mean Bank of America, National Trust and Savings Association, doing business as Seafirst Bank, Seattle, Washington, and Smith Barney, Inc., of Seattle, Washington, as initial purchasers of the Bonds.

## **Section 2: Interpretation**

For all purposes of this Resolution, except as otherwise expressly provided or unless the context otherwise requires:

A. *Internal References.* All references in this Resolution to designated "Sections" and other subdivisions are to the designated sections and other subdivisions of this Resolution. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular section or other subdivision.

B. *Persons.* Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public boards, as well as natural persons.

C. *Headings.* Any headings preceding the texts of the several sections of this Resolution and the table of contents, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

D. *Writing Requirement.* Every "notice," "certificate," "consent" or similar action hereunder by the District shall, unless the form thereof is specifically provided, be in writing signed by an authorized representative of the District.

E. *Time.* In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding."

F. *Redemption.* Words importing the redemption or redeeming of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

G. *Payment Terms.* References to the payment of the Bonds shall be deemed to include references to the payment of interest thereon.

### **Section 3.: The Project**

A. *The Project.* The Bonds are being issued to pay a portion of the Costs of the Project incurred and to be incurred by the District for the purpose of Acquiring, constructing and installing certain capital improvements and betterments to the District's education facilities (the "Project"), all of which are more particularly described as follows:

(1) the Acquisition, construction and installation of a new Elementary School No. 16;

(2) the Acquisition, construction and installation of capital improvements to modernize Evergreen Middle School;

(3) the Acquisition, construction and installation of ten additional classrooms for Evergreen Middle School;

(4) the Acquisition, construction and installation of capital improvements to modernize the heating and ventilation systems at Whittier and Silver Lake Elementary Schools;

(5) the Acquisition, construction and installation of improvements to modernize mechanical system, electrical system and gymnasium floor at Eisenhower Middle School;

(6) the Acquisition, construction and installation of capital improvements to modernize Cascade High School;

(7) the Acquisition, construction and installation of a new gymnasium floor for Everett High School;

(8) the Acquisition, construction and installation of a new gymnasium floor for the Alternative High School;

(9) the Acquisition, construction and installation of athletic field improvements at 13 school sites;

(10) the Acquisition, construction and installation of baseball backstops at 13 school sites;

(11) the Acquisition, construction and installation of athletic field improvements at Everett Memorial Stadium, including artificial turf for the main football field;

(12) the Acquisition, construction and installation of a new roof for the Longfellow Building;

(13) the Acquisition, construction and installation of seismic upgrades to District facilities;



(14) the Acquisition and installation of all necessary appurtenances, equipment, fixtures and furnishings for the foregoing, including technology improvements, as deemed necessary by the Board;

(15) the Acquisition, construction and installation of all such other capital improvements to the District's education facilities deemed necessary by the Board; and

(16) payment of the ancillary costs of engineering, architectural, construction management, attorneys' fees, costs of bond issuance, permits, accounting costs, easements and any other expenses or consultant fees incidental thereto.

Said improvements and betterments are to be more fully described in the plans and specifications to be prepared by the District's architects and engineers, and to be filed with the District.

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 interest of the District, the Board retains the right not to construct such capital improvements and to reallocate the money originally contemplated therefor to other capital improvements to the District's education facilities deemed more necessary by the Board.

B. *Modifications.* The District may make alterations or modifications in the Project so long as such alterations or modifications do not significantly alter the Project.

C. *Costs of the Project.* A portion of the total Costs of the Project to be paid for with the proceeds of the Bonds, plus State of Washington matching money, is estimated to be \$38,250,000.

D. *Additional Money.* In the event there are Bond proceeds remaining after the Project has been completed or the costs thereof are duly provided for, the Board retains the right to (i) make additional capital improvements to the District's education facilities as are deemed necessary and desirable by the Board, (ii) deposit said money into the Debt Service Fund to make payments on Bonds, and/or (iii) call and redeem a portion of the Bonds prior to maturity.

E. *Insufficient Money.* In the event the proceeds from the sale of the Bonds, plus any or all of the other legally available money, are insufficient to make 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 4: Authorization of the Bonds**

Unlimited tax general obligation bonds of the District, designated "Everett School District No. 2 Unlimited Tax General Obligation Bonds, Series 1997" (the "Bonds"), are hereby authorized to be sold, issued and delivered pursuant to chapters 28A.530, 39.36 and 39.46 RCW. The Bonds shall be issued in the aggregate principal sum of \$34,250,000; shall be

dated January 1, 1997; shall be issued in fully registered form; shall be issued in the form of a single fully registered Bond; and shall be numbered in such manner and with any additional designation as the Registrar deems necessary for purposes of identification. The Bonds shall be in substantially the form of Exhibit "A" attached hereto and by this reference incorporated herein

The Bonds shall bear interest from their date or from the most recent date to which interest has been paid or duly provided for, whichever is later, payable commencing on June 1, 1997, and semiannually thereafter on each December 1 and June 1 to their respective dates of maturity or prior redemption, whichever occurs first. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds shall bear interest at the rates and shall mature in each of the years and in the principal amounts set forth in the following schedule:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
December 1, 1997	\$ 665,000	3.60%
December 1, 1998	695,000	3.90
December 1, 1999	530,000	4.25
December 1, 2000	535,000	4.40
December 1, 2001	650,000	4.50
December 1, 2002	770,000	4.60
December 1, 2003	1,000,000	4.70
December 1, 2004	1,825,000	4.80
December 1, 2005	4,430,000	4.95
December 1, 2006	4,785,000	5.05
December 1, 2007	2,000,000	5.15
December 1, 2008	1,945,000	5.25
December 1, 2009	2,380,000	5.35
December 1, 2010	2,305,000	5.45
December 1, 2011	2,520,000	5.55
December 1, 2012	2,750,000	5.60
December 1, 2013	4,465,000	5.65

The Bonds shall be executed, authenticated and delivered as provided in Section 10 of this Resolution. The Bonds shall be negotiable instruments to the extent provided by chapter 62A.8-105 RCW.

#### **Section 5: Redemption Prior to Maturity**

A. *Optional Redemption.* The Bonds maturing on December 1 in the years 1997 through 2007, inclusive, are not subject to redemption prior to their stated dates of maturity. The District hereby reserves the right to call and redeem the Bonds maturing on or after December 1, 2008, prior to their stated dates of maturity, 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), on or after December 1, 2007, at the price of par plus accrued interest, if any, to the date of redemption.

B. *Partial Redemption.* In accordance with the preceding paragraph, portions of the principal amount of any Bond, in installments of \$5,000 or any integral multiple of \$5,000, may also be redeemed. If less than all the principal amount of any Bond is redeemed, upon surrender of such Bond at either of the principal corporate trust offices of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal amount thereof, a new Bond or Bonds, at the option of the Registered Owner, with like maturity and interest rate, in any denomination authorized by this Resolution.

C. *Notice of Redemption.* 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 subsection C shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether it is actually received by the Registered Owner of any Bond to be redeemed.

D. *Effect of Redemption.* When so called for redemption, the Bonds shall cease to accrue interest on the specified redemption date, provided money for redemption is on deposit at the place of payment at that time, and shall not be deemed to be Outstanding as of such redemption date.

E. *Voluntary Redemption Notice.* In addition to the notice required by subsection C above, further notice may be given by the Registrar as set out below, but neither any 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 C.

(1) Each further 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) notification 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 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 30 days before the redemption date by registered or certified mail or overnight delivery service to: (a) all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds, such depositories now being The Depository Trust Company, New York, New York, and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania; and to (b) one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Moody's Municipal and Government, or Standard & Poor's Called Bond Record).

(3) Each such further notice may be published one time in *The Bond Buyer* in New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the Registered Owners 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 30 days prior to the date fixed for redemption.

F. *Open Market Purchase and Cancellation.* The District hereby reserves the right to purchase the Bonds on the open market at any time and at any price. All Bonds purchased or redeemed under this Section 5 shall be canceled.

#### **Section 6: Place, Manner and Medium of Payment**

The principal of and interest on the Bonds are payable in lawful money of the United States to the Registered Owners thereof.

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 \$1,000,000 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; provided, the costs of such wire transfer shall be paid by the Registered Owner.

Principal of each Bond shall be payable to the Registered Owner, upon presentation and surrender of the Bond on or after the date of maturity or prior redemption, at either of the principal corporate trust offices of the Registrar; provided, the costs of such wire transfer shall be paid by the Registered Owner. Upon the payment of the Bonds at maturity, and/or upon payment of the redemption price of any Bonds being redeemed, each check or other transfer of money issued for such purpose shall bear the CUSIP number, if any, and identify by issue and maturity the Bonds being paid or redeemed with the proceeds of such check or other transfer.

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.

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 money previously remitted to the Registrar for the payment of the Bonds that has not been distributed by the Registrar as of one year after the final maturity or prior redemption of all of the Bonds. The Treasurer shall deposit such money into a separate account to be held solely for the benefit of the Registered Owners of Bonds which have not been presented for payment, and which shall be used solely for paying the principal of such Bonds and the interest which had accrued thereon to the date of maturity or prior redemption. Interest earnings on the money in said account may be deposited into the Debt Service Fund to pay the principal of and interest on any Bonds that are Outstanding.

#### **Section 7: Pledge of Full Faith, Credit and Resources of the District**

The full faith, credit and resources of the District are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds. The officers now or hereafter charged by law with the duty of levying taxes for the payment of the principal of and the interest on the Bonds 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 pay the maturing principal of the Bonds and the interest accruing thereon.

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, 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.

#### **Section 8: The Debt Service Fund**

A. *Debt Service Fund.* There heretofore has 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 the "Everett School District No. 2 Debt Service Fund," or such other designation conforming to accounting practices (the "Debt Service Fund"), for the purpose of paying the principal of, premium, if any, and interest on the Bonds and on all other outstanding tax general obligation bonds of the District when due.

B. *Deposits to the Debt Service Fund.* Accrued interest received from the sale of the Bonds, if any, shall be deposited in the Debt Service Fund. Tax receipts and, as from time to time directed by the Board, other District money legally available for payment of the Bonds will be deposited to the Debt Service Fund to the extent necessary to pay the principal of, premium, if any, and interest on the Bonds.

C. *Investment of Money in the Debt Service Fund.* Money in the Debt Service Fund may be invested as permitted by law, which investments shall mature prior to the date on

which such money shall be needed for required interest or principal payments. All interest earned and income derived by virtue of such investments shall remain in the Debt Service Fund and be used to meet the required deposits therein.

#### **Section 9: The Capital Projects Fund**

A. *Capital Projects Fund.* There heretofore has 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 the "Everett School District No. 2 Capital Projects Fund," or such other designation conforming to accounting practices (the "Capital Projects Fund").

B. *Deposits into the Capital Projects Fund.* The District shall deposit into the Capital Projects Fund all proceeds from the sale of the Bonds other than: (i) accrued interest, if any, received from the sale of the Bonds, which shall be deposited into the Debt Service Fund (ii) amounts paid to the Underwriter as Underwriters discount, which shall be retained by the Underwriter; and (iii) amounts representing the municipal bond insurance premium, which shall be wired directly to the Insurer by the Underwriter. Money in the Capital Projects Fund may be invested as permitted by law. Any interest earnings on money invested from the Capital Projects Fund shall be retained in the Capital Projects Fund. The District's share of any liquidated damages or other money paid by defaulting contractors or their sureties will be deposited into the Capital Projects Fund to assure completion of the Project.

C. *Use of the Capital Projects Fund.* Money in the Capital Projects Fund shall be used from time to time to pay the Costs of the Project. When the Project has been completed and all costs of the Project have been paid in full or duly provided for, any balance remaining in the Capital Projects Fund may be used for other capital improvements and betterments to the District's education facilities or may be deposited into the Debt Service Fund as previously described in Section 3 of this Resolution.

#### **Section 10: Execution and Authentication of the Bonds**

A. *Execution of the 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, shall be attested by the manual or facsimile signature of the Secretary and shall have the seal of the District impressed or imprinted thereon.

B. *Authentication of the Bonds.* The executed Bonds shall 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. Only those Bonds that bear a Certificate of Authentication substantially in the form set forth in Exhibit "A" attached hereto and 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.

C. *Temporary Bonds.* Until the definitive Bonds are prepared, the District may, if deemed necessary by the Secretary, utilize a temporary Bond which shall be typewritten, and which shall be delivered to the Underwriter 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 \$34,250,000, 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 impressed or imprinted thereon. The Treasurer shall be the Registrar in the event and for so long as a temporary Bond is utilized.

D. *Validity of Signatures.* 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 11: The Registrar**

A. *Registrar Appointed.* The Washington State Fiscal Agents, 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:

B. *Delegated Duties.* The Registrar is hereby 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 Washington State Fiscal Agency Agreement, dated February 8, 1993, between the Washington State Finance Committee and the Registrar (as the same may be amended or readopted from time to time).

C. *Bond Register.* 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 the Bond Register which shall at all times be open to inspection by the District. The District hereby specifies and adopts the system of registration for the Bonds approved by the Washington State Finance Committee.

D. *Fees and Costs.* Subject to the terms of the Washington State Fiscal Agency Agreement, 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. The administrative fees provided for in this subsection D may be paid from the Debt Service Fund.

E. *Representations.* The Registrar shall be responsible for its representations contained in the Registrar's Certificate of Authentication on the Bonds.

F. *Ownership Rights.* 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 depository 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.

G. *Cancellation of Surrendered Bonds.* Bonds surrendered to the Registrar for payment, redemption, transfer or exchange, as well as Bonds surrendered by the District for cancellation, shall be canceled immediately by the Registrar and returned to the District. Such Bonds thereafter shall be destroyed pursuant to RCW 43.80.130.

#### **Section 12: Book-Entry System Authorized**

A. The Bonds shall be initially issued in the form of a separate, single-certificated, fully registered Bond for each maturity set forth in Section 4 of this Resolution, in the aggregate principal amount of such maturity. Upon initial issuance, the ownership of each Bond shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the securities depository for the Bonds. Except as provided in subsection D of this Section 12 all of the Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

B. With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the District and the Registrar shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than a Registered Owner, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a Registered Owner, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The District and the Registrar may treat and consider the Registered Owner of each Bond as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all



other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and the interest on the Bonds as provided in Sections 5, 6 and 15 of this Resolution, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sums so paid. No person other than a Registered Owner shall receive a certificated Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to the transfer and payment of the Bonds, the phrase "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

C. The Secretary is hereby authorized to execute and deliver to the Registrar and DTC a Letter of Representations in substantially the form attached hereto as Exhibit "C," with such changes, omissions, insertions and revisions as the Secretary shall approve. The approval of the Secretary of any such changes, omissions, insertions and revisions shall be conclusively established by said official's execution and delivery of the Letter of Representations. The delivery of the Letter of Representations shall not in any way limit the provisions of subsection B of this Section 12 or in any other way impose upon the District any obligation whatsoever with respect to persons having interests in the Bonds other than the Registered Owner. The Registrar shall take all action necessary for all representations of the District in the Letter of Representations with respect to the Registrar, to at all times be complied with.

D. (1) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the District and to the Registrar, and discharging its responsibilities with respect thereto under applicable law.

(2) The District, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the District determines that: (a) DTC is unable to discharge its responsibilities with respect to the Bonds or (b) a continuation of the requirement that all of the Bonds be registered in the Bond Register in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.

(3) Upon termination of the services of DTC with respect to the Bonds pursuant to subsection D(2)(b) of this Section 12, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection D(1) or subsection D(2)(a) of this Section 12 after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found that, in the opinion of the District, is willing and able to undertake such functions upon reasonable and customary terms, the District shall deliver certificated Bonds at the expense of the District, as described in this Resolution, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co. as nominee of DTC, but may be registered in the names that the Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

E. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal or premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations.

### **Section 13: Transfer and Exchange of the Bonds**

A. *Transfer of Bonds.* Each Bond shall be transferable by the Registered Owner thereof in person, or by its attorney duly authorized in writing, upon due completion of the assignment form appearing thereon and upon surrender of said Bond at either of the principal corporate trust offices of the Registrar for cancellation and issuance of a new Bond registered in the name of the transferee, in exchange therefor.

B. *Exchange of Bonds.* Each Bond shall be exchangeable by the Registered Owner thereof in person, or by its attorney duly authorized in writing, for one or more new Bonds, upon surrender of said Bond at either of the principal corporate trust offices of the Registrar for cancellation.

C. *Authentication and Delivery of New Bonds.* 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 or Bonds of any authorized denomination or denominations, of the same maturity and interest rate as, and for the aggregate principal amount of, the Bond being surrendered. Notwithstanding the foregoing sentence, the Registrar is not required to transfer or exchange any Bond during the 15 days preceding any principal or interest payment date.

D. *Payment of Fees and Costs.* 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 14: Mutilated, Lost, Stolen or Destroyed Bonds**

A. *Issuance of Substitute Bonds.* If any Bond shall become mutilated, lost, stolen or destroyed, 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 District and the Registrar a written affidavit specifically alleging on oath that such 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 and 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 14 satisfactory to the District and the Registrar.

Upon compliance with the foregoing, a new Bond of like tenor and denomination, bearing the same number as the mutilated, lost, stolen or destroyed Bond, and with the word "DUPLICATE" stamped or printed plainly on its face, 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 or that has been called for redemption and, in any such case, the principal or redemption price 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 the Bond Register.* Upon the issuance and authentication of any substitute Bond under the provisions of this Section 14, the Registrar shall enter upon the Bond Register a notation that the original Bond was canceled and a substitute Bond was issued.

C. *Rights of Registered Owners of Substitute Bonds.* Every substitute Bond issued pursuant to this Section 14 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 Rights.* 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 15: Defeasance of the Bonds**

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 or redemption price 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 15, 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 cease as of the date the principal, redemption price, if any, and interest is so provided for, except as hereinafter provided. Thereafter the Registered Owners of such Bonds shall be restricted exclusively to the money so deposited for any claim of whatsoever nature with respect to such Bonds, and the Registrar shall hold such money in trust for such Registered Owners uninvested and without interest.

### **Section 16: Tax Covenants**

A. *Compliance With Code.* 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 executed by the District on the date of initial issuance and delivery of the Bonds, as such Arbitrage and Tax Regulatory Certificate may be amended from time to time.

B. *Necessary Payments.* 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. *Survival of Tax Covenants.* 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 16 shall survive the payment of the Bonds and the interest thereon, including any payment or defeasance thereof pursuant to Section 15 of this Resolution.

D. *Remedies.* Notwithstanding any other provision of this Resolution to the contrary, (1) upon the District's failure to observe or refusal to comply with the above covenants, the Registered Owners, or any trustee acting on their behalf, shall be entitled to the rights and remedies provided to the Registered Owners under this Resolution, and (2) neither

the holders or registered owners of bonds of any series other than 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 17: Amendments to the Resolution**

A. *Amendments Not Requiring Registered Owner Consent.* 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 the following purposes: (1) to add to or delete from the covenants and agreements of the District in this Resolution, or to surrender any right or power reserved to the District herein, provided such additions or deletions shall not adversely affect, in any material respect, the interests of the Registered Owners of any Bonds; and (2) to cure, correct or supplement any ambiguous or defective provision contained in this Resolution, provided such supplemental resolution 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 17.

B. *Amendments Requiring Registered Owner Consent.* 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 alter the redemption provisions pertaining thereto, without the consent of the Registered Owner of each Bond so affected; or (2) reduce the aforesaid percentage of Registered Owners 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 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 Supplemental Resolutions.* Upon the adoption of any supplemental resolution pursuant to the provisions of this Section 17, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District under this Resolution 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. *Notations; Replacement Bonds.* Bonds executed and delivered after the execution of any supplemental resolution adopted pursuant to the provisions of this Section 17

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 18: Sale and Delivery of the Bonds Authorized**

The Underwriter has 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 bond purchase contract (the "Purchase Contract") dated January 9, 1997, and attached hereto as Exhibit "B." The Board is of the opinion that no better price could be obtained for the Bonds, and that it is in the best interests of the District and the public to accept said offer and sell the Bonds by private sale, without giving any prior notice thereof by publication or otherwise, as permitted by chapter 39.46 RCW. The sale of the Bonds to the Underwriter pursuant to the terms and conditions of the Purchase Contract is hereby authorized and approved. The President and/or Secretary are hereby severally authorized to execute and deliver the Purchase Contract on behalf of the District.

The President, the Secretary and the Treasurer are hereby further authorized to do everything necessary for the prompt execution and delivery of the Bonds to the Underwriter and for the proper application and use of the proceeds of the sale thereof, including (i) preparing the final official statement regarding the Bonds, and (ii) executing such certificates and receipts as may be necessary to properly document the issuance of the Bonds.

#### **Section 19: Ratification of the Preliminary Official Statement**

The District hereby ratifies all acts undertaken by its officers, employees and agents with respect to the preparation and distribution of the preliminary official statement with respect to the Bonds, including any action taken to deem such preliminary official statement final as of its date except for the 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 Underwriter to deliver or cause to be delivered, within seven business days from the date hereof and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of Securities and Exchange Commission Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board.

#### **Section 20: Covenant to Provide Continuing Disclosure**

A. *Limitation of Rights.* The District intends that this Section 20 constitutes the District's undertaking to provide the information and notices described by 17 CFR § 240.15c2-12(b)(5) with respect solely to the Bonds (the "Undertaking"). Notwithstanding any other

provision of this Resolution to the contrary, neither the registered owner or holder of bonds of any series other than the Bonds, nor any trustee acting on their behalf, shall be entitled to any right or to exercise any remedy provided to the Holders under this Undertaking based upon the District's failure to observe, or refusal to comply with, the covenants contained in this Undertaking.

B. *Definitions for Purposes of this Undertaking.* Solely for the purposes of this Undertaking, the following terms shall have the following meanings unless the context otherwise requires:

"Annual Financial Information" shall mean an annual update of: (i) the financial information and operating data of the type set forth in the Official Statement in the tables entitled "Comparative Statement of General Fund Revenues and Expenditures" and "Historical and Projected Enrollment;" (ii) the assessed valuation of taxable property in the District; (iii) the ad valorem taxes levied and percentage of taxes collected by the District; (iv) the District's property tax levy rates per \$1,000 of assessed valuation; and (v) the District's outstanding general obligation debt.

"Audited Financial Statements" shall mean, with respect to the District, financial statements prepared and audited pursuant to the laws of the State of Washington (presently RCW 43.09.200 through 43.09.285), as such laws may be amended from time to time.

"Holder" shall mean any Registered Owner of a Bond and any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power which includes the power to vote, or to direct the voting of, a Bond; and/or (ii) investment power which includes the power to dispose, or direct the disposition of, a Bond.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any successor in functions thereto.

"NRMSIR" shall mean any municipal securities information repository that is formally recognized in writing by the SEC as a "nationally recognized municipal securities information repository" for purposes of Rule 15c2-12.

"Official Statement" shall mean the District's final official statement relating to the Bonds, together with any amendments thereto.

"Required Filings" shall mean any filing made pursuant to subsections C, D, E and F of this Section 20.

"Rule 15c2-12" shall mean Rule 15c2-12 of the SEC, as amended.

"SEC" shall mean the Securities and Exchange Commission or any successor in functions thereto.

"SID" shall mean any municipal securities information repository that is formally recognized in writing by the SEC as the State of Washington's "state information depository" for purposes of Rule 15c2-12.

C. *Annual Financial Information.* The District will provide to each NRMSIR and to each SID, if any, within nine months after the end of each fiscal year, commencing on or before May 31, 1997, Annual Financial Information for the District. Presently, the District's fiscal year commences on September 1. All or any portion of the Annual Financial Information may be incorporated in the Annual Financial Information by cross reference to any other documents which have been filed with: (i) each NRMSIR and SID, if any; or (ii) the SEC; or (iii) if the document is an official statement, with the MSRB.

Annual Financial Information for any fiscal year containing any modified operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, the initial Annual Financial Information after such modification shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles. The District will provide notice of the modification of operating data or financial information or change in accounting principles to each NRMSIR or to the MSRB, and to each SID, if any.

D. *Audited Financial Statements.* To the extent the District's Audited Financial Statements are not submitted as part of the Annual Financial Information under subsection C of this Section 20, the District will provide to each NRMSIR and to each SID, if any, the Audited Financial Statements of the District (commencing with the audited financial statements for the fiscal year ending August 31, 1998, when and if such Audited Financial Statements are available. Although the District may submit a comprehensive annual financial report (a "CAFR") together with its Audited Financial Statements, there is no requirement to do so hereunder, and the dissemination of a CAFR in any year shall not be construed as a requirement to disseminate a CAFR in any subsequent year.

E. *Material Event Notices.* The District will provide to each NRMSIR or to the MSRB, and to each SID, if any, in a timely manner, notice of any of the following events with respect to the Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;



- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the security;
- (7) modifications to rights of security holders;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds; and
- (11) rating changes.

F. *Notice of Late Filing.* The District will provide to each NRMSIR or to the MSRB, and to each SID, if any, in a timely manner, notice of a failure of the District to provide the required Annual Financial Information on or before the date specified in subsection C of this Section 20.

G. *Term of this Undertaking.* The term of this Undertaking shall commence on the date of closing and initial delivery of the Bonds to the Registered Owners, and shall terminate when the Bonds shall have been paid in full or defeased in accordance with this Resolution. The District shall provide notice of such defeasance to each NRMSIR or to the MSRB, and to each SID, if any; provided, such notice shall not be a condition to such defeasance.

H. *Amendments.* Notwithstanding any provision of this Resolution to the contrary, the District may amend this Undertaking in conformity with the Rule, as interpreted from time to time by the courts, the SEC, or the SEC staff. Upon the adoption of any amendment to the Rule, this Undertaking shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District and all Holders under this Undertaking 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 amendment shall be deemed to be part of the terms and conditions of this Undertaking for any and all purposes. If the consent of Holders is necessary for such amendment, only the Holders of the Bonds shall be considered for purposes of determining whether such consent has been rendered.

I. *Additional Information.* Nothing in this Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Required Filing, in addition to that which is required by this Undertaking. If the District chooses to include any information in any Required Filing in addition to that which is specifically required by this Undertaking, the District shall have no obligation under this Undertaking to update such information or include it in any future Required Filing.

J. *Defaults of this Undertaking.* If the District shall fail to comply with any provision of this Undertaking, then any Holder may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, such provision against the District and any of the officers, agents and employees of the District, and may compel the District or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided, that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the District hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

K. *Rescission Rights.* The District hereby reserves the right to rescind this Undertaking without the consent of the Holders in the event Rule 15c2-12 is repealed by the SEC or is ruled to be invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of Rule 15c2-12, the District hereby reserves the right to rescind those provisions of this Undertaking that were required by those parts of Rule 15c2-12 that are so repealed or invalidated.

#### **Section 21: Payments Under the Policy**

A. In the event that, on the second business day, and again on the business day, prior to the payment date on the Bonds, the Registrar has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, business day, the Registrar shall immediately notify the Insurer or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Registrar shall so notify the Insurer or its designee.

C. In addition, if the Registrar has notice that any Registered Owner has been required to disgorge payments of principal of or interest on the Bonds to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Registered Owner within the meaning of any applicable bankruptcy laws, then the Registrar shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Registrar is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Registered Owners as follows:

(1) if and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Registrar shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Registered Owners in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to

which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Registered Owners (and not as Registrar) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Registered Owners; and

(2) if and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Registrar shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such Registered Owner in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Registrar and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Registered Owner (and not as Registrar) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Registered Owners.

E. Payments with respect to claims for interest on and principal of Bonds disbursed by the Registrar from proceeds of the Policy shall not be considered to discharge the obligations of the District with respect to such Bonds, and the Insurer shall become the Registered Owner of such unpaid Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

F. Irrespective of whether any such assignment is executed and delivered, the District and the Registrar hereby agree for the benefit of the Insurer that:

(1) they recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Registrar), on account of principal of or interest on the Bonds, the Insurer will be subrogated to the rights of such Registered Owners to receive the amount of such principal and interest from the District, with interest thereon as provided and solely from the sources stated in this Resolution and the Bonds; and

(2) they will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Resolution and the Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to the Registered Owners, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

G. In connection with the issuance of additional Bonds, the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such additional Bonds.

H. Copies of any amendments made to the documents executed in connection with the issuance of the Bonds which are consented to by the Insurer shall be sent to Standard & Poor's Rating Group.

I. The Insurer shall receive notice of the resignation or removal of the Registrar and the appointment of a successor thereto.

J. The Insurer shall receive copies of all notices required to be delivered to the Registered Owners and, on an annual basis, copies of the District's audited financial statements and annual budget.

K. Any notice that is required to be given to the Registered Owners of the Bonds or to the Registrar pursuant to this Ordinance shall also be provided to the Insurer. All notices required to be given to the Insurer under this Ordinance shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

#### **Section 22: Contract and Severability of Provisions**

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. Any action by the Registered Owner of any Bond shall bind all future Registered Owners of the same Bond in respect of anything done or suffered by the District or the Registrar in pursuance thereof. All the covenants, promises and agreements in this Resolution contained by or on behalf of the District, or by or on behalf of the Registrar, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

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 on final appeal (if any appeal be taken) to be contrary to law, then such covenant or agreement 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 23: No Personal Recourse**

No recourse shall be had for any claim based on this Resolution or the Bonds against any Board member, officer or employee, past, present or future, of the District or of any successor body as such, either directly or through the District or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

#### **Section 24: Ratification**

All actions not inconsistent with the provisions of this Resolution heretofore taken by the Board and the District's employees in connection with the Project and the marketing, sale,

issuance and delivery of the Bonds is hereby and in all respects ratified, approved and confirmed.

**Section 25: Repealer**

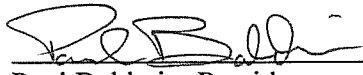
All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and shall have no further force or effect.

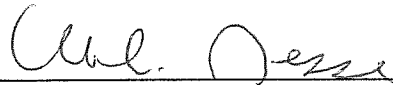
**Section 26: Effective Date**

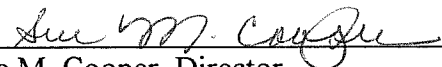
This Resolution shall be in full force and effect from and after its adoption.


ADOPTED AND APPROVED by the Board of Directors of the Everett School District No. 2, Snohomish County, Washington, at a special meeting thereof, notice of which was required by law, held on January 9, 1997.

EVERETT SCHOOL DISTRICT NO. 2  
Snohomish County, Washington

  
Paul Baldwin, President

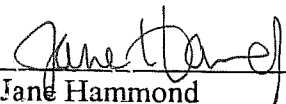
  
Mark A. Nesse, Vice President

  
Sue M. Cooper, Director

  
Paula Kelley-Clarke, Director

  
Roy Yates, Director

ATTEST:

  
Jane Hammond  
Secretary of the Board of Directors

(SEAL)

\* \* \* \* \*

# CERTIFICATE

I, Jane Hammond, Secretary of the Board of Directors of the Everett School District No. 2, 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 9, 1997, of which meeting all members of said Board had due notice, and at which a majority thereof was present; and that at said meeting said resolution was adopted by the following vote:

AYES, and in favor thereof: Baldwin, Nesse, Cooper, Kelley-Clance & Yates

NAYS: None

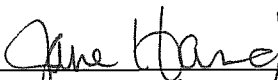
ABSENT: None

ABSTAIN: None

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 hereunto set my hand and the seal of the District on January 9, 1997.

EVERETT SCHOOL DISTRICT NO. 2  
Snohomish County, Washington

  
\_\_\_\_\_  
Jane Hammond  
Secretary of the Board of Directors

(SEAL)

Exhibit "A"  
Form of Bond

[Face of Bond]

**UNITED STATES OF AMERICA  
STATE OF WASHINGTON  
COUNTY OF SNOHOMISH**

**EVERETT SCHOOL DISTRICT NO. 2**

**UNLIMITED TAX GENERAL OBLIGATION BOND, SERIES 1997**

Number: \_\_\_\_\_ Dollars

See Reverse Side for  
Additional Provisions

INTEREST RATE: \_\_\_\_\_ MATURITY DATE: \_\_\_\_\_ CUSIP NO.: \_\_\_\_\_

THE EVERETT SCHOOL DISTRICT NO. 2, Snohomish County, Washington (the "District"), a first-class school district duly organized and existing under and by virtue of the Constitution and the laws of the State of Washington, acknowledges itself to owe and, for value received, promises to pay from the District's "Debt Service Fund" (the "Debt Service Fund"), referred to in Resolution No. 606, adopted by the District's Board of Directors on January 9, 1997 (the "Resolution"), to

or registered assigns, on the Maturity Date specified above, the principal sum of

DOLLARS

and to pay interest thereon from the aforesaid Debt Service Fund from January 1, 1997, or from the most recent date to which interest has been paid or duly provided for, whichever is later, at the Interest Rate per annum specified above, payable commencing on June 1, 1997, and semiannually thereafter on each December 1 and June 1 to the Maturity Date specified above or to the date of prior redemption of this Bond, whichever occurs first. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Both the principal of and interest on this Bond are payable in lawful money of the United States of America to the Registered Owner hereof, whose name and address shall appear on the registration books of the District (the "Bond Register") maintained by either of the Washington State Fiscal Agents in Seattle, Washington, or New York, New York (the "Registrar"). Interest shall be paid 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 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 \$1,000,000 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; provided, the costs of such wire transfer shall be paid by the Registered Owner. Principal shall be paid to the Registered Owner upon presentation and surrender of this Bond on or after the Maturity Date specified above or date of prior redemption of this Bond, whichever occurs first, at either of the principal corporate trust offices of the Registrar.

The District and the Registrar may deem and treat the Registered Owner of this Bond as the absolute owner of this Bond for the purpose of receiving payments of principal and interest due on this Bond and for all other purposes, and neither the District nor the Registrar shall be affected by any notice to the contrary.

Reference is hereby made to the Additional Provisions of this Bond set forth on the reverse side hereof, and such Additional Provisions shall for all purposes have the same effect as if set forth in this space.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon is manually signed by the Registrar.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that this Bond and the series of which it is one, are issued pursuant to and in strict compliance with the Constitution and the laws of the State of Washington now in force, and the ordinances and resolutions of the District, specifically the Resolution, and that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have happened, been done and been performed.



IN WITNESS WHEREOF, the Everett School District No. 2, Snohomish County, Washington, has caused this Bond to be executed by the manual signature of the President of its Board of Directors, attested by the manual signature of the Secretary of its Board of Directors and impressed with its seal on January 22, 1997.

EVERETT SCHOOL DISTRICT NO. 2  
Snohomish County, Washington

[manual signature]

President of the Board of Directors

Attest:

[manual signature]

Secretary of the Board of Directors

[S E A L]

#### CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the Everett School District No. 2 Unlimited Tax General Obligation Bonds, Series 1997, dated January 1, 1997, and described in the within-mentioned Resolution.

WASHINGTON STATE FISCAL AGENT  
as Registrar

By \_\_\_\_\_  
Authorized Signatory

-----  
[Reverse of Bond]

#### ADDITIONAL PROVISIONS

This Bond is one of a duly authorized series of Bonds of like date, tenor and effect, except for variations required to state denominations, numbers, interest rates, redemption provisions, and dates of maturity, aggregating the principal amount of \$34,250,000. The Bonds are issued in fully registered form, in the denomination of \$5,000 each, or any integral multiple thereof within a single maturity and mature on December 1 in the years 1997 through 2013. Capitalized terms used herein shall have the meanings given to them in the Resolution.

The Bonds are issued by the District pursuant to and in full compliance with the Constitution and the laws of the State of Washington now in force, particularly chapters 28A.530, 39.36 and 39.46 RCW, and proceedings duly adopted and authorized by the Board of Directors of the District, more particularly the Resolution. The Bonds are issued pursuant to the legal authorization of a special election duly noticed, held and conducted within the District on April 23, 1996. The proceeds of the Bonds will be used by the District to acquire, construct and install certain capital improvements and betterments to the District's education facilities and to pay the issuance costs of the Bonds, all as specified and more particularly described in the Resolution.

The Bonds are unlimited tax general obligations of the District, and as such, the full faith, credit and resources of the District have been pledged for the punctual and full payment of the principal thereof and interest thereon. The Bonds are payable from ad valorem taxes levied and to be levied upon all the taxable property within the District without limitation as to rate or amount, and are payable solely from the Debt Service Fund.

The Bonds maturing on December 1 in the years 1997 through 2007, inclusive, are not subject to redemption prior to their stated dates of maturity. The District has reserved the right to call and redeem the Bonds maturing on or after December 1, 2008, prior to their stated dates of maturity, 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), on or after December 1, 2007, at the price of par plus accrued interest, if any, to the date of redemption.

Notice of any such redemption, unless waived by the Registered Owner of any Bond to be redeemed, 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. Said requirements 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 to be redeemed. When so called for redemption, the Bonds shall cease to accrue interest on the specified redemption date, provided money for redemption is on deposit at the place of payment at that time, and shall not be deemed to be Outstanding as of such redemption date.

The District reserves the right to purchase the Bonds on the open market at any time and at any price.

This Bond is transferable or exchangeable by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon presentation and surrender of this Bond at either of the principal corporate trust offices of the Registrar. Upon such transfer or exchange, a new Bond or Bonds of any authorized denomination, of the same maturity and interest rate, and for the same aggregate principal amount of the Bond being surrendered will be issued to the transferee or exchangee, in exchange therefor. The Registrar is not required to transfer or exchange any Bond during the 15 days preceding any principal or interest payment date.

Reference is hereby made to the Resolution for the covenants and declarations of the District and other terms and conditions under which this Bond and the Bonds of this series have been issued. The covenants contained herein and in the Resolution, as they may apply to this Bond, may be discharged by making provision, at any time, for the payment of the principal of and interest on this Bond in the manner provided in the Resolution.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things essential to the validity of this Bond and the Bonds of this series do exist, have happened, been done and been performed and that the District has complied with every requirement of the Constitution and the laws of the State of Washington now in force and the ordinances and resolutions of the District, particularly the Resolution, affecting the issue hereof, 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.

### 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

[manual signature]

Secretary of the Board of Directors

[Insert Legal Opinion of Perkins Coie]

### STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the office of the fiscal agent of the State of Washington, Seattle, Washington, or New York, New York.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the County (the "Issuer"), to the fiscal agent of the State of Washington, Seattle, Washington, or New York, New York, or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other

than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$34,250,000

EVERETT SCHOOL DISTRICT NO. 2  
SNOHOMISH COUNTY, WASHINGTON  
UNLIMITED TAX GENERAL OBLIGATION BONDS, SERIES 1997

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term "owner" shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

The policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason, including the payment prior to maturity of the Obligations.

**MBIA INSURANCE CORPORATION**

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 Transfer to Minors Act . . . . .		(State)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common			

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.

\_\_\_\_\_  
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 whatsoever.

Dated:

SIGNATURE GUARANTEED:

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

\_\_\_\_\_  
Authorized Officer

**EXHIBIT "B"**

**COPY OF PURCHASE CONTRACT**

EXHIBIT "C"



**Blanket Issuer Letter of Representations**  
(To be Completed by Issuer)

\_\_\_\_\_  
[Name of Issuer]

\_\_\_\_\_  
[Date]

Attention: Underwriting Department - Eligibility  
**The Depository Trust Company**  
55 Water Street; 50th Floor  
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Very truly yours,

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

By: \_\_\_\_\_

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: \_\_\_\_\_