

**EVERETT SCHOOL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON
RESOLUTION NO. 1139**

Authorizing the Sale, Issuance, and Delivery of
Unlimited Tax General Obligation Bonds, 2016

A RESOLUTION OF THE BOARD OF DIRECTORS OF EVERETT SCHOOL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON, AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF NOT TO EXCEED \$50,000,000 OF THE DISTRICT'S UNLIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2016, TO PAY THE COSTS OF ACQUIRING, CONSTRUCTING, INSTALLING AND EQUIPPING CERTAIN CAPITAL IMPROVEMENTS TO THE EDUCATION FACILITIES OF THE DISTRICT; PROVIDING FOR THE DATE, FORM, TERMS, MATURITIES, REDEMPTION PROVISIONS AND DESIGNATION OF THE BONDS; PLEDGING THE DISTRICT'S FULL FAITH, CREDIT AND RESOURCES TO THE PAYMENT OF THE BONDS; ADOPTING CERTAIN FUNDS AND PROVIDING FOR DEPOSITS THEREIN; PROVIDING FOR SELLING THE BONDS BY NEGOTIATED SALE; DELEGATING CERTAIN ACTIONS IN CONNECTION WITH THE PRELIMINARY AND FINAL OFFICIAL STATEMENTS; AUTHORIZING THE SECRETARY TO THE BOARD OR THE EXECUTIVE DIRECTOR OF FINANCE AND BUSINESS SERVICES TO EXECUTE A BOND PURCHASE CONTRACT; DESIGNATING A FISCAL AGENT; PROVIDING FOR REGISTRATION AND AUTHENTICATION OF THE BONDS; COVENANTING TO COMPLY WITH CERTAIN FEDERAL TAX AND SECURITIES LAWS; AUTHORIZING ACCEPTANCE OF THE GUARANTY OF THE BONDS BY THE STATE OF WASHINGTON; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

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

**UNLIMITED TAX GENERAL OBLIGATION BONDS
PRINCIPAL AMOUNT OF NOT TO EXCEED \$50,000,000**

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

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

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 its education facilities;

WHEREAS, the Board of Directors of the District (the "Board"), by Resolution No. 1123, adopted on January 26, 2016 (the "Election Resolution"), ordered a special election to be held within the District on April 26, 2016, for the submission to the qualified electors of the District

the question of whether the District should issue \$149,700,000 principal amount of its unlimited tax general obligation bonds to provide money to pay a portion of the costs of certain capital improvements to its education facilities (the "Project");

WHEREAS, at such special election, duly noticed, held and conducted within the District on April 26, 2016, the qualified electors of the District approved the incurrence of such debt and the issuance of such bonds in the principal amount of \$149,700,000 (the "Authorized Amount");

WHEREAS, the Board deems it necessary and advisable that the District sell, issue and deliver at this time not to exceed \$50,000,000 of the Authorized Amount of the District's Unlimited Tax General Obligation Bonds, Series 2016 (the "Bonds") to pay for: (1) a portion of the Costs of the Project; and (2) the costs of issuing the Bonds;

WHEREAS, the principal amount of the Bonds, when added to all other outstanding nonvoted general obligation debt heretofore authorized and issued by the District (\$0), does not exceed \$59,515,808 which is the District's limitation of nonvoted general obligation indebtedness, nor, when added to all outstanding voted general obligation debt heretofore authorized and issued by the District (\$145,755,000) does not exceed \$753,544,155, which is the District's limitation on all nonvoted and voted general obligation indebtedness prescribed by RCW 39.36.020(3) and (4) as calculated based on the assessed value of the property within the District;

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 such fiscal agent will carry out its duties with respect to the Bonds;

WHEREAS, pursuant to the provisions of RCW 39.44.130, the Snohomish County Treasurer, as *ex officio* treasurer of the District, has designated the Washington State Fiscal Agent as the District's legally designated fiscal agent;

WHEREAS, the Board, by the Election Resolution, requested the Washington State Treasurer to issue a certificate of eligibility in favor of the District for participation by the District in the credit enhancement program established pursuant to chapter 39.98 RCW with respect to the Bonds;

WHEREAS, chapter 39.46 RCW authorizes the District to sell its bonds at negotiated sale;

WHEREAS, the Board has determined it to be in the best interest of the District to sell the Bonds at negotiated sale;

WHEREAS, the Board is desirous of taking all reasonable actions to enable it to issue and sell its Bonds at the lowest possible interest rate in order to benefit the District and its taxpayers;

WHEREAS, providing the District the option to sell its Bonds quickly to take advantage of potential changes in interest rates is in the best interest of the District and its taxpayers; and

WHEREAS, the Board has determined it to be in the best interest of the District to authorize the Secretary or, after consultation with the Secretary, the Executive Director of Finance and Business Services to negotiate and accept an offer to purchase the Bonds at the prices and according to the terms set forth in a bond purchase contract between the District and the Underwriter, 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 the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the federal government, the State, any public body therein or any person or entity, the condemnation, transfer, option to purchase, other contract, or other acquirement, or any combination thereof.

Authorized Amount means the \$149,700,000 principal amount of unlimited tax general obligation bonds, to be issued in one or more series, authorized by Resolution No. 1123, adopted by the Board on January 26, 2016, and approved by the qualified electors of the District at a special election duly noticed, held and conducted on April 26, 2016.

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

Bond Counsel means Kutak Rock LLP or such other nationally recognized bond counsel firm as designated by the Secretary and/or the Executive Director of Finance and Business Services.

Bond Purchase Contract means the bond purchase contract between the District and the Underwriter containing the terms set forth Section 4 of this Resolution.

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

Bonds means the Bonds, the sale, issuance and delivery of which are provided for in this Resolution.

Capital Projects Fund means the "Everett School District No. 2 Capital Projects Fund" heretofore created pursuant to RCW 28A.320.330, and referred to in Section 9 of this Resolution.

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

Continuing Disclosure Undertaking means the Continuing Disclosure Undertaking substantially in the form attached hereto as Exhibit "B".

Costs of the Project means all or any part designated by the Board as costs of the Project, or interest therein, which costs, at the option of the Board, may include all or any 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 Acquiring, constructing and installing the capital improvements to be financed with the Bond proceeds;

(5) the costs of Acquiring and installing appurtenances, equipment, fixtures and furnishings necessary to operate and maintain the capital improvements to be financed with the Bond proceeds, including technology improvements;

(6) the costs of appraising, printing, estimates, advice or 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;

(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 means the "Everett School District No. 2 Debt Service Fund" heretofore created pursuant to RCW 28A.320.330, and referred to in Section 8 of this Resolution.

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

DTC means 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.

Executive Director of Finance and Business Services means the Executive Director of Finance and Business Services or his successor in function, if any.

Letter of Representations means the Blanket Issuer Letter of Representations, dated January 9, 1997, setting forth certain understandings of the District and the Registrar with respect to DTC's services.

Outstanding means, when used with reference to the Bonds, as of any particular date, all Bonds that have been issued, executed, authenticated and delivered except: (1) Bonds canceled because of payment or redemption prior to their stated dates of maturity and (2) any Bond (or portion thereof) where there has been cash or government obligations separately set aside and held for the payment thereof.

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

President means the President of the Board, or any presiding officer or titular head of the Board, or his successor in function, if any.

Project means 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 means the person named as the registered owner of a Bond on the Bond Register.

Registrar means the Washington State Fiscal Agent acting in its capacity as bond registrar, authenticating agent, paying agent and transfer agent of the Bonds, or its successor in functions, as now or hereafter designated.

Resolution means this Resolution No. 1139 of the District, adopted by the Board on October 11, 2016, authorizing the sale, issuance and delivery of the Bonds.

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

Term Bonds means the Bonds other than serial bonds.

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

True Interest Cost means the yield that, when discounting all future principal and interest payments to the delivery date of the Bonds, produces a present value equal to the principal amount of the Bonds, less the Underwriter's discount, plus any original issue premium, less any original issue discount, plus accrued interest, if any.

Underwriter means D.A. Davidson & Co., Seattle, Washington (Senior Underwriter) and Piper Jaffray & Co., Seattle, Washington (Co-Manager) 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. *Accounting Terms.* All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

E. *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.

F. *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."

G. *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.

H. *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. *Project Description.* The Bonds are being issued to provide money 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 capital improvements and betterments to the District's education facilities as authorized pursuant to the Election Resolution, including:

- (1) modernizations of North Middle School and Woodside Elementary School;
- (2) construction of New Elementary School No. 18;
- (3) preservation and restoration of exterior finish system at Everett High School Main Building;
- (4) capital improvements to the heating, ventilation, and air conditioning (HVAC) systems at eight sites;
- (5) capital improvements to the technology infrastructure and equipment, and telephone and voicemail systems;
- (6) capital improvements to the field surface at Everett High School Lincoln Field;
- (7) capital improvements to the roof at Gateway Middle School;
- (8) purchasing property for future elementary school;
- (9) purchasing and installing portable classrooms; and
- (10) 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, together with all necessary appurtenances, fixtures and furnishings thereto.

The District will consider and may, if it is more cost effective resulting in a savings to the taxpayers of the District, construct new capital improvements to the education facilities of the District in lieu of renovations to such facilities.

B. *Reallocation of Bond Proceeds.* 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 Acquire, construct and install such capital improvements and to reallocate the money originally contemplated therefor to other capital improvements to the District's education facilities deemed more necessary or appropriate by the Board or deposit such money into the Debt Service Fund to make debt service payments on the Outstanding Bonds or to call and redeem a portion of the Bonds prior to maturity; provided that, any change in use of Bond proceeds shall be in the form and manner required by law.

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

D. *Costs of the Project.* The total Costs of the Project are estimated to be approximately \$168,626,000, a portion of which amount shall be paid from the proceeds of the Bonds, and the balance of which is expected to be paid from financing assistance from the State. No proceeds of the Bonds shall be used for the replacement of equipment.

E. *Excess Bond Proceeds.* In the event there are Bond proceeds remaining after the Costs of the Project have been completed or the costs thereof are duly provided for, the Board retains the right to: (1) make additional capital improvements to the District's education facilities as are deemed necessary or desirable by the Board; (2) deposit such money into the Debt Service Fund to make debt service payments on the Bonds; and/or (3) call and redeem a portion of the Bonds prior to maturity.

F. *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 all the capital improvements hereinbefore provided for, the District shall use the available money for paying those Costs of the Project deemed most necessary and to be in the best interest of the District by the Board.

Section 4: Authorization of the Bonds

A. *The Bonds.* Unlimited tax general obligation bonds of the District, designated "Everett School District No. 2 Unlimited Tax General Obligation Bonds, Series 2016," are hereby authorized to be sold, issued and delivered in the maximum principal amount of not to exceed \$50,000,000 pursuant to chapters 28A.530, 39.36 and 39.46 RCW. The Bonds shall be issued in fully registered form; shall be in denominations of \$5,000 each or any integral multiple thereof within a single maturity; and shall be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification. The Bonds shall be in substantially the form of Exhibit "A" attached hereto.

B. *Negotiated Sale.* The Secretary or, after consultation with the Secretary, the Executive Director of Finance and Business Services is hereby severally authorized to execute a Bond Purchase Contract and cause the Bonds to be delivered to the Underwriter at such time as the following conditions are satisfied:

- (1) the True Interest Cost of the Bonds does not exceed 5.00 percent; and

- (2) the final maturity of the Bonds, shall not be later than 20 years from the respective date of each series of Bonds.

Prior to executing the Bond Purchase Contract, the Secretary or, after consultation with the Secretary, the Executive Director of Finance and Business Services, shall cause the following information to be included in the Bond Purchase Contract:

- (1) the date of the Bond Purchase Contract;
- (2) the purchase price for the Bonds and its components;
- (3) the terms to be established in the Bond Purchase Contract including the principal and interest payment dates and the series designation by year each series of Bonds is issued;
- (4) no Bond shall bear interest at a rate greater than 5.00 percent per annum;
- (5) the date of the Bonds are to be delivered to the Underwriter, which shall be no later than December 31, 2017;
- (6) the yield and price for each maturity of the Bonds, which price shall be not less than 98 percent nor more than 130 percent of the principal amount of the Bonds; and
- (7) the optional and mandatory redemption provisions pertaining to the Bonds; provided that the first date the Bonds may be optionally redeemed at par shall not be later than 10.5 years after the date of the Bonds

The Board hereby finds that the determinations made in this Resolution are the determinations set forth in RCW 39.46.040; and as such, the Board has fully and properly authorized the sale, issuance and delivery of the Bonds.

C. *Negotiable Instruments.* The Bonds shall be negotiable instruments to the extent provided by chapter 62A.3 RCW.

Section 5: Redemption Prior To Maturity

A. *Optional Redemption.* The Bonds shall be subject to redemption prior to their stated dates of maturity at the times and prices and in the manner specified in the Bond Purchase Contract.

B. *Mandatory Redemption.* The Bond Purchase Contract shall specify which, if any, maturity or maturities of the Bonds are Term Bonds, and shall further specify the mandatory sinking fund deposits necessary to accomplish the mandatory redemption of such Term Bonds.

C. *Partial Redemptions.* In accordance with the preceding two subsections, portions of the principal amount of any Bond, in installments of \$5,000 each or any integral multiple of \$5,000, may also be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of such Bond at the designated corporate trust office 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 of the denominations authorized by this Resolution. To the extent the District partially redeems Term Bonds, the District may, at its discretion, reduce the

amount of any mandatory sinking fund deposit or deposits by an aggregate principal amount equal to the principal amount of the Term Bonds so redeemed.

D. *Notice of Redemption.* Except as set forth in subsection E below, and 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 20 or 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 D 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. Each notice of redemption given under this subsection D shall contain the following information:

- (1) the redemption date;
- (2) the redemption price;
- (3) if fewer than all Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (4) 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 such date;
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated corporate trust office of the Registrar;
- (6) the CUSIP numbers, if any, of all Bonds being redeemed;
- (7) the date of issue of the Bonds as originally issued;
- (8) the rate of interest borne by each Bond being redeemed;
- (9) the maturity date of each Bond being redeemed; and
- (10) any other descriptive information needed to identify accurately the Bonds being redeemed.

Any notice given pursuant to this subsection D may be rescinded by written notice given to the Registrar no later than one business day prior to the date specified for redemption. The Registrar shall give notice of such rescission as soon thereafter as practicable, and to the same Registered Owners, as notice of such redemption was given pursuant to this subsection D.

E. *Special Notice of Redemption to DTC.* For so long as DTC is the securities depository for the Bonds, the Registrar shall send redemption and defeasance notices to DTC in the manner required by the Letter of Representations.

F. *Continuing Disclosure Undertaking.* For so long as Section 20 of this Resolution remains in effect, redemption notices shall also be given as specified in the Continuing Disclosure Undertaking attached as Exhibit B to this Resolution; provided, neither any defect in such notices

nor any failure to give all or any portion of such notices shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in subsection D above.

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

H. *Voluntary Redemption Notice.* In addition to the notice required by subsection D of this Section 5, further notice may be given by the Registrar as set out below, but neither a defect in such 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 such subsection D. Each further notice of redemption may be:

(1) sent at least 20 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 the types comprising the Bonds, such depository now being DTC; and (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); and

(2) published one time in *The Bond Buyer* of New York, New York, or, if such publication is impractical or unlikely to reach a substantial number of the Registered Owners, in some other financial newspaper or journal that regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least 20 days prior to the date fixed for redemption.

I. *Open Market Purchase.* The District hereby reserves the right to purchase the Bonds on the open market at any time at any price. To the extent the District purchases Term Bonds on the open market, the District may reduce, at its discretion, the amount of any mandatory sinking fund deposit or deposits by an aggregate principal amount equal to the principal amount of the Term Bonds so purchased. All Bonds so purchased shall be canceled.

Section 6: Place, Manner and Medium of Payment

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

B. *Payment of Interest.* 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 within the United States of more than \$1,000,000 in principal amount of 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.

C. *Payment of Principal.* Principal of each Bond shall be payable to the Registered Owner, upon presentation and surrender of the Bonds on or after the date of maturity or prior redemption, whichever occurs first, at the designated corporate trust office of the Registrar. Upon

the payment of the Bonds at maturity, and/or upon payment of the redemption price of any Bond 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.

D. *Interest on Delinquent Amounts.* If any Bond is not redeemed when properly presented at its maturity or redemption date, the District shall pay interest on that Bond at the same rate provided in the Bond from and after its maturity or redemption date until the principal of and interest on that Bond is paid in full or until sufficient money for its payment in full is on deposit in the Debt Service Fund and the Bond has been called for payment by giving notice to the Registered Owner of that unpaid Bond.

E. *Ownership of Bonds.* 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.

F. *Unclaimed Money.* 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 such account may be deposited into the Debt Service Fund to pay the principal of and interest on any Outstanding Bonds.

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 punctual and full 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 has heretofore been created pursuant to RCW 28A.320.330, and shall continue to 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, for the purpose of paying the principal of, premium, if any, and interest on the Bonds and on all other outstanding unlimited tax general obligation bonds of the District when due.

B. *Deposits into the Debt Service Fund.* Accrued interest received from the sale of the Bonds, if any, shall be deposited into the Debt Service Fund. All or a portion of original issue premium received from the sale of the Bonds may be deposited into 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. The Treasurer is hereby authorized and directed to pay to the Registrar, in its capacity as the District's paying agent, all payments of principal and interest due on the Bonds in sufficient time for such payments to be made.

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; provided, however, that pursuant to RCW 28A.320.320 interest earnings in the Debt Service Fund may be transferred and credited to a different fund so long as such interest earnings are expended for instructional supplies, equipment or capital outlays.

Section 9: The Capital Projects Fund

A. *Capital Projects Fund.* There has heretofore been created pursuant to RCW 28A.320.330, and shall continue to 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.

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: (1) accrued interest, if any, received from the sale of the Bonds, which shall be deposited into the Debt Service Fund; and (2) all or a portion of original issue premium, if any, received from the sale of the Bonds, which may be deposited into the Debt Service Fund. Money in the Capital Projects Fund may be invested as permitted by law. Any interest earnings on money invested from the Capital Projects Fund may be retained in the Capital Projects Fund or may be used as otherwise permitted by law. 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 used to pay or redeem the Bonds, as more particularly described in Section 5 of this Resolution.

D. *Segregation of Bond Proceeds.* The District shall segregate Bond proceeds and investment earnings thereon from all other money that may be deposited into the Capital Projects Fund from time to time.

Section 10: Sale and Delivery of the Bonds Authorized

The Board hereby authorizes and directs each of the President, the Secretary, the Executive Director of Finance and Business Services, the Treasurer and Bond Counsel to execute and deliver the Bonds to the Underwriter, to execute all other documents and to take all such further action for the proper application and use of the proceeds of the sale thereof, including:

- A. preparing the preliminary and final official statement regarding the Bonds; and
- B. executing such certificates and receipts as may be necessary to properly document the issuance of the Bonds.

In addition, the President, the Secretary, the Executive Director of Finance and Business Services, the Treasurer and Bond Counsel are hereby authorized by the Board to execute and deliver such other certificates, agreements and documents, and to take such other actions on behalf of the District as may be reasonable and necessary:

- A. to facilitate the issuance and sale of the Bonds;
- B. to meet all provisions of the Code in order to maintain tax-exempt status of the Bonds; and
- C. in connection with any matters related thereto, until the final maturity date of the Bonds.

Section 11: 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 or the Executive Director of Finance and Business Services 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 each series of Bonds, and shall be numbered T-1. Such temporary Bonds shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions and variations as may be appropriate to temporary Bonds, shall be manually signed by the President and the Secretary and shall have the seal of the District impressed 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 12: The Registrar

A. *Registrar Appointed.* The Washington State Fiscal Agent is hereby appointed as Registrar, authenticating agent, paying agent and transfer agent with respect to the Bonds, subject to the terms and conditions of this Section 12.

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 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 its designated corporate trust office 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 referred to above, 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 13: 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 the Bond Purchase Contract 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 13, 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: (1) the accuracy of the records of DTC, Cede & Co., or any Participant with respect to any ownership interest in the Bonds; (2) the delivery to any Participant or any other person, other than a Registered Owner, of any notice with respect to the Bonds; or (3) 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 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 4 and 5 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 District heretofore has delivered a Letter of Representations to the Registrar and DTC. The delivery of the Letter of Representations shall not in any way limit the provisions of subsection B of this Section 13 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 13, 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 13 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. Thereafter, the principal of the Bonds shall be payable upon due presentment and surrender thereof at the designated corporate trust office of the Registrar; interest on the Bonds shall be payable by check or draft mailed or if requested in writing by a Registered Owner within the United States of \$1,000,000 or more in principal amount of Bonds prior to the applicable record date, by wire transfer on the interest payment date to the persons in whose names such Bonds are registered, at the address appearing upon the Bond Register on the fifteenth day of the month preceding an interest payment date, and the Bonds shall be transferable as provided in 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 14: 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 such Bond at the designated corporate trust office 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 such Bond at the designated corporate trust office 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 15: 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 15 satisfactory to the District and the Registrar.

Upon compliance with the foregoing, a new Bond of like tenor, denomination and interest rate, 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 15, 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 15 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 16: Defeasance of the Bonds

In the event that money and/or "government obligations" (as defined from time to time in RCW 39.53.010, and 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 otherwise, together with all interest accruing thereon to the due date, has been paid or provision therefor made in accordance with this Section 16, 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 17: Tax Covenants

A. *Compliance With the 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 Tax Compliance Certificate executed by the District on the date of initial issuance and delivery of the Bonds, as such Tax Compliance 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 17 shall survive the payment of the Bonds and the interest thereon, including any payment or defeasance thereof pursuant to Section 16 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 18: 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 18.

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. For the purpose of giving consent under this section, the consent from the Underwriter of the Bonds upon their issuance or remarketing shall be deemed to consent of the holders thereof as permitted by MSRB Rule G-11 or a successful provision.

C. *Effect of Supplemental Resolutions.* Upon the adoption of any supplemental resolution pursuant to the provisions of this Section 18, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District 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 18 may have a notation as to any matter provided for in such supplemental resolution, and if such supplemental resolution shall so provide, new Bonds so modified as to conform in the opinion of the Board to any modification of this Resolution contained in any such supplemental resolution, may be prepared and delivered without cost to the Registered Owners of any affected Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 19: Delegation and/or Ratification of the Preliminary Official Statement

The District hereby delegates authority to the President, the Secretary and/or the Executive Director of Finance and Business Services, to determine all acts, and ratifies all acts heretofore undertaken, by the District's 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 of the Bond Purchase Contract 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 the rules of the Municipal Securities Rulemaking Board and paragraph (b)(4) of Securities and Exchange Commission Rule 15c2-12.

Section 20: Covenant to Provide Continuing Disclosure

The District covenants to execute and deliver at the time of issuance of the Bonds a Continuing Disclosure Undertaking in substantially the form set forth in Exhibit "B" attached hereto and by this reference incorporated herein. The President, the Secretary or the Executive Director of Finance and Business Services, are each individually authorized and directed to execute and deliver a Continuing Disclosure Undertaking upon the sale, issuance and delivery of the Bonds with such terms and provisions as such officer shall deem appropriate and in the best interest of the District, upon consultation with Bond Counsel. The District hereby reserves the right to comply with this Section 20 by meeting its annual disclosure requirements through any system approved by the SEC. All required filings shall be made in an electronic format as prescribed by the MSRB.

Section 21: Credit Enhancement Program

The District is authorized to accept the certificate of eligibility issued by the Washington State Treasurer evidencing the State's guaranty, under chapter 39.98 RCW, of the Bonds and authorizes the Secretary or the Executive Director of Finance and Business Services to take all action necessary to comply with any requirements set forth in chapter 39.98 RCW to ensure that the District receives the full benefit of such guaranty.

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.

Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon or give to any person other than the District, the Registrar, and the Registered Owners and the Holders (as defined in Exhibit B hereto) from time to time of the Bonds any rights, remedies or claims under or by reason of this Resolution or any covenant, condition or stipulation thereof; and all of the covenants, stipulations, promises and agreements in this Resolution

contained by or on behalf of the District shall be for the sole and exclusive benefit of the District, the Registrar, the Registered Owners and the Holders from time to time 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 with respect to the adoption of this Resolution and the issuance, sale and delivery of the Bonds, are hereby in all respects ratified, approved and confirmed.

Section 25: Repealer

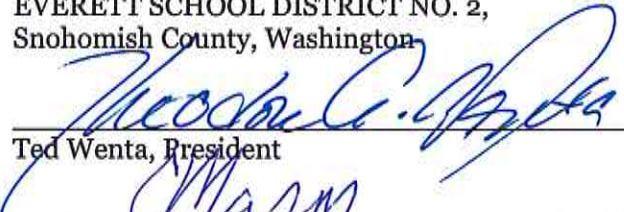
All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and shall have no further force or effect.

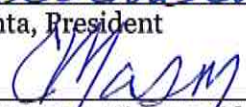
Section 26: Effective Date

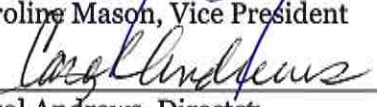
This Resolution shall be in full force and effect from and after its adoption.

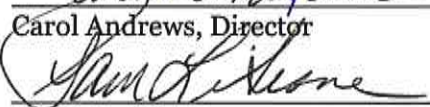
ADOPTED AND APPROVED by the Board of Directors of Everett School District No. 2, Snohomish County, Washington, at a regular meeting thereof, held on the 11th day of October, 2016.

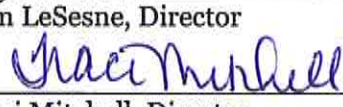
EVERETT SCHOOL DISTRICT NO. 2,
Snohomish County, Washington


Ted Wenta, President



Caroline Mason, Vice President


Carol Andrews, Director


Pam LeSesne, Director


Traci Mitchell, Director

ATTEST:


Dr. Gary Cohn, Superintendent & Secretary
to the Board of Directors

* * * * *

CERTIFICATE

I, Dr. Gary Cohn, Secretary to the Board of Directors of 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 regular meeting of the Board of Directors of such District, duly held at the regular meeting place thereof on October 11, 2016, of which meeting all members of such Board had due notice and at which a majority thereof was present; and that at such meeting such resolution was adopted by the following vote:

AYES, and in favor thereof: *Directors Andrews Mason, LeSesne, Mitchell, Wenta*

NAYS:

ABSENT:

ABSTAIN:

I further certify that I have carefully compared the same with the original resolution on file and of record in my office; that such resolution is a full, true and correct copy of the original resolution adopted at such meeting; and that such 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 on the 11th day of October, 2016.

EVERETT SCHOOL DISTRICT NO. 2,
Snohomish County, Washington



Dr. Gary Cohn
Secretary to the Board of Directors

EXHIBIT "A"

[Face of Bond]

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

EVERETT SCHOOL DISTRICT NO. 2

UNLIMITED TAX GENERAL OBLIGATION BOND, SERIES 2016

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Registrar for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co., or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

See Pages 2 through ____
for Additional Provisions

Pursuant to the School District Credit Enhancement Program established by chapter 39.98 RCW, the full faith, credit and taxing power of the State of Washington is pledged to guarantee the full and timely payment of the principal of and interest on the Bonds as such payments become due.

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 (the "State") now in force, 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. 1139, adopted by the District's Board of Directors (the "Board") on October 11, 2016 (the "Resolution"), to

CEDE & CO.

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

FIFTY MILLION AND NO/100 DOLLARS

and to pay interest thereon from the Debt Service Fund from _____, 201____, 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 set forth above, payable commencing on _____ 1, 201____, and semiannually thereafter on each _____ 1 and _____ 1 to the Maturity Date set forth 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.

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 the Washington State Fiscal

Exhibit "A"

Page 1

Agent (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 within the United States 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 this Bond shall be paid to the Registered Owner upon presentation and surrender of this Bond on or after the Maturity Date set forth above or date of prior redemption of this Bond, whichever occurs first, at the designated corporate trust office 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 pages 2 through ___ 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 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 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.

IN WITNESS WHEREOF, Everett School District No. 2, Snohomish County, Washington, has caused this Bond to be executed by the manual signature of the President of the Board, attested by the manual signature of the Secretary to the Board and impressed with its seal on _____, 2016.

EVERETT SCHOOL DISTRICT NO. 2,
Snohomish County, Washington

[manual signature]

President of the Board of Directors

ATTEST:

[manual signature]

Secretary to the Board of Directors

Exhibit "A"

Page 2

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the Everett School District No. 2, Snohomish County, Unlimited Tax General Obligation Bonds, Series 2016, dated _____, 201____, and described in the within-mentioned Resolution.

WASHINGTON STATE FISCAL AGENT
as Registrar

By

Authorized Signatory

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 \$_____. 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 201__ through 20____, inclusive. 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 now in force, particularly chapters 28A.530, 39.36 and 39.46 RCW, and proceedings duly adopted and authorized by the Board, more particularly the Resolution. The Bonds are also issued pursuant to the legal authorization of a special election duly noticed, held and conducted within the District on April 26, 2016. The proceeds of the Bonds will be used by the District to: (1) Acquire, construct and install certain capital improvements and betterments to the District's education facilities; and (2) 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 irrevocably pledged for the punctual and full payment of the principal of and interest on the Bonds. The Bonds are payable from ad valorem taxes levied and to be levied upon all the taxable property within the District, together with other legally available money, without limitation as to rate or amount, and are payable solely from the Debt Service Fund.

[INSERT REDEMPTION PROVISIONS]

The District has reserved the right to purchase the Bonds on the open market at any time and at any price. To the extent the District purchases the Term Bonds on the open market, the District may, at its discretion, reduce the amount of any mandatory sinking fund deposit or deposits by an aggregate principal amount equal to the principal amount of the Term Bonds so purchased. Any Bonds so purchased or redeemed shall be canceled.

Exhibit "A"

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This Bond is transferable or exchangeable by the Registered Owner hereof in person, or by its attorney duly authorized in writing, upon due completion of the Assignment appearing hereon and upon presentation and surrender of this Bond at the designated corporate trust office 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.

BOND COUNSEL OPINION

It is hereby certified that the following is a true and complete copy of the bond counsel opinion of Kutak Rock LLP, 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 such date, and is a part of the permanent records of the District.

EVERETT SCHOOL DISTRICT NO. 2,
Snohomish County, Washington

[manual signature]

Secretary to the Board of Directors

[Insert Bond Counsel Opinion of Kutak Rock LLP]

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 GIFT MIN ACT – under Uniform Transfer to Minors Act _____

TEN ENT - as tenants by the entireties

(Cust)

(Minor)

JT TEN - as joint tenants with right of survivorship and not as tenants in common

(State)

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

ASSIGNMENT

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

Name of Transferee: _____

Address: _____

Tax Identification No.: _____

the within Bond and hereby irrevocably constitutes and appoints _____

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

Dated: _____

Signature: _____

Registered Owner

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

SIGNATURE GUARANTEED:

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

Authorized Officer

Exhibit "A"

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4844-5832-5814.4

EXHIBIT "B"

CONTINUING DISCLOSURE UNDERTAKING

A. *Limitation of Rights.* Everett School District No. 2, Snohomish County, Washington (the "District"), intends that this Continuing Disclosure Undertaking 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 Resolution No. 1139, adopted by the Board of Directors of the District (the "Board") on October 11, 2016 (the "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:

- (1) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to governmental units, as such principles may be changed from time to time and as permitted by State law; which may not be audited, except that if and when audited financial statements are otherwise prepared and available to the District they will be provided;
- (2) a statement of authorized, issued and outstanding general obligation debt of the District;
- (3) the assessed value of the property within the District subject to *ad valorem* taxation; and
- (4) *ad valorem* tax levy rates and amounts and percentage of taxes collected.

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

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system, which shall receive all required filings under Rule 15c2-12.

"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:

- (1) voting power which includes the power to vote, or to direct the voting of, a Bond; and/or

(2) 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.

"Obligated Person" shall have the meaning specified in 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 Certificate.

"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.

C. *Annual Financial Information.* The District will provide to EMMA within nine months after the end of each fiscal year, commencing on or before May 31, 20____, Annual Financial Information for the District in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB. 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 EMMA or the SEC.

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 EMMA.

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 Certificate, the District will provide to EMMA the Audited Financial Statements of the District (commencing with the Audited Financial Statements for the fiscal year ending August 31, 20____), 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.

Exhibit "B"

Page 2

E. *Event Notices.*

(1) The District will provide to EMMA, within 10 business days of the occurrence, notice of any of the following events with respect to the Bonds: (a) principal and interest payment delinquencies; (b) unscheduled draws on debt service reserves reflecting financial difficulties; (c) unscheduled draws on credit enhancements reflecting financial difficulties; (d) substitution of credit or liquidity providers, or their failure to perform; (e) defeasances; (f) rating changes; (g) tender offers; (h) bankruptcy, insolvency, receivership or similar proceeding of an Obligated Person, if any; and (i) adverse tax opinions, the issuance by the Internal Revenue Services of a proposed or final determination of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

(2) The District will provide to EMMA, within 10 days of the occurrence, notice of any of the following events with respect to the Bonds, if material: (a) non-payment related defaults; (b) modifications to rights of security holders; (c) bond calls (optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34 23856); (d) release, substitution, or sale of property securing repayment of the Bonds; (e) consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (f) the appointment of a successor or additional trustee or the change of name of a trustee; or (g) other notices of determinations with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.

F. *Notice of Late Filing.* The District will provide to EMMA in a timely manner, notice of a failure of the District to provide the required Annual Financial Information on or before the date set forth in subsection C of this Certificate.

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 the Resolution. The District shall provide notice of such defeasance to EMMA; provided, such notice shall not be a condition to such defeasance.

H. *Amendments.* The District may amend this Undertaking in conformity with Rule 15c2-12, 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.

L. *EMMA.* Any filing under this Undertaking may be made solely by transmitting such filing to EMMA as provided at <http://emma.msrb.org>.

DATED this ____ day of _____, ____.

EVERETT SCHOOL DISTRICT NO. 2 Snohomish
County, Washington
