

Everett School Employee Benefit Trust  
Everett Public Schools  
4730 Colby Avenue  
Everett WA 98203

August 25, 2008

Smith Barney  
411 108th NE  
Bellevue, WA 98004

Attn: Curt Haldorson, Financial Advisor

Dear Curt:

The Trustees of the Everett School Employee Benefit Trust ("Trustees") are in receipt of the email message, dated August 20, 2008, that you sent to Darla Van Duren regarding the Countrywide asset held by the Everett School Employee Benefit Trust ("Trust").

As you know, the Trustees retained your firm to manage the Trust's assets. Policy No. 220, contained in the Everett School Employee Benefit Trust "Trust Operations Manual" ("Policy") (copy enclosed) describes the investment guidelines to which these assets are subject. It is the Trustees understanding that you will manage the assets in accordance with these guidelines.

Additionally, the Trustees understand that you are responsible for the buy and sell decisions associated with Trust assets under your direction, which would include a determination about whether to sell the Countrywide asset, as well as determining the ongoing suitability of currently held positions. Any actions taken by you in your capacity as Investment Manager must be consistent with the Policy.

This direction from the Trustees supersedes direction provided by Darla Van Duren on August 21, 2008.

Respectfully,

Betsy Selders  
Chairman  
Board of Trustees  
Everett School Employee Benefit Trust

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enclosure