

EVERETT SCHOOL DISTRICT NO. 2

SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 349

A RESOLUTION OF THE BOARD OF DIRECTORS OF EVERETT SCHOOL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE OF UNLIMITED TAX GENERAL OBLIGATION BONDS OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF \$9,310,000, OR SO MUCH THEREOF AS MAY BE ISSUED UNDER THE LAWS GOVERNING THE INDEBTEDNESS OF SCHOOL DISTRICTS, FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE CERTAIN CAPITAL IMPROVEMENTS TO THE FACILITIES OF THE DISTRICT AUTHORIZED BY RESOLUTION NO. 338 OF THE BOARD OF DIRECTORS AND APPROVED BY THE QUALIFIED ELECTORS OF THE DISTRICT AT THE ELECTION HELD THEREIN ON FEBRUARY 4, 1986; PROVIDING FOR TAX LEVIES TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS; DESIGNATING A FISCAL AGENT; DESIGNATING BOND COUNSEL; ESTABLISHING THE METHOD OF SALE; AND DESIGNATING A SEPARATE FINANCIAL ADVISOR.

WHEREAS, at an election held in Everett School District No. 2, Snohomish County, Washington (the "District"), on February 4, 1986, the number and proportion of the qualified electors of the District required by law for the adoption thereof voted in favor of a proposition authorizing the issuance of general obligation bonds of the District in the aggregate principal amount of not to exceed \$37,950,000 (the "Authorized Amount") to provide funds to pay part of the cost to implement the District's Improvements as said term is defined in Resolution No. 338 and which includes making energy efficient improvements and additions to existing District facilities, erecting new schools and providing the necessary furniture, apparatus and equipment other than replacement

equipment to the extent prohibited by law, making major and minor structural changes and additions and making other capital improvements permitted by law necessary and proper to carry out the functions of the District, as authorized by Resolution No. 338 of the District adopted on December 9, 1985; and

WHEREAS, pursuant to Resolution No. 348 of the District, the District has heretofore sold \$28,640,000 of the Authorized Amount to Dain Bosworth Incorporated; and

WHEREAS, it is deemed necessary and advisable that the District initiate procedures to issue the remaining \$9,310,000 principal amount of such Authorized Amount at this time; and

WHEREAS, the State Finance Committee of the State of Washington has designated Seattle-First National Bank, Seattle, Washington and J. Henry Schroder Bank & Trust Company, New York, New York to act as the Fiscal Agent for the State of Washington and any political subdivisions who so designate, pursuant to the provisions of RCW 43.80.030; and

WHEREAS, the Fiscal Agent and the District wish to establish the procedures pursuant to which the Fiscal Agent will carry out its duties; and

WHEREAS, the District wishes to determine the method of sale and select an underwriter; and

WHEREAS, the District wishes to appoint a separate financial advisor with respect to the sale of the Bonds;

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

Section 1. Definitions: As used in this Resolution the following terms shall have the meanings set forth below:

"Authorized Amount" means the principal amount of \$37,950,000 as authorized by the voters on February 4, 1986.

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

"Bonds" means the "Everett School District No. 2, Snohomish County, Washington, Unlimited Tax General Obligation Bonds, Series 1986-B" as more fully described in Sections 2 and 3 of this Resolution.

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

"Financial Advisor" means Seattle-First National Bank.

"Fiscal Agency Agreement" means the contract from time to time between the State of Washington and the Fiscal Agent, presently dated April 11, 1984.

"Fiscal Agent" means the Washington State Fiscal Agent acting pursuant to contract with the State of Washington (currently Seattle-First National Bank, Seattle, Washington and J. Henry Schroder Bank & Trust Company, New York, New York).

"Registered Owner" means the owner of any Bond as shown on the registration books of the Registrar.

"Underwriter" means Dain Bosworth Incorporated.

Section 2. Authorization of Bonds; Terms. For the purpose of providing the funds required for the capital improvements authorized by Resolution No. 338 and for incidental costs and costs related to the sale and issuance of the Bonds, including capitalized interest, if any, which amount shall not exceed more than six months of capitalized interest, the District shall sell and issue the Bonds in the principal amount of \$9,310,000.

The Bonds shall be dated July 1, 1986, shall be in the denomination of \$5,000 each or integral multiples thereof (provided that no Bond shall represent more than one maturity), shall be registered as to both principal and interest, shall be numbered in the manner and with any additional designation as the Fiscal Agent for the State of Washington as the Bond Registrar deems necessary for purposes of identification, shall bear interest, shall mature in years and amounts and shall be subject to redemption provisions as to be determined by the Board after consultation with the Underwriter and the Financial Advisor.

Notice of any intended redemption will be given by registered or certified mail to the Registered Owners of the Bonds to be redeemed at their addresses as they appear on the bond register. Such mailing will be made not less than 30 nor more than 60 days prior to the redemption date.

Upon surrender thereof to the Bond Registrar, Bonds are interchangeable for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar; upon such endorsement and transfer the Bond Registrar shall enter the name of the transferee on its registration book for the Bonds. Exchanges and transfers shall be without cost to the Registered Owner or its transferee, if any.

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by check or draft mailed prior to or on the interest payment date to the Registered Owners or nominees of such owners whose names appear on the registration books maintained by the Bond Registrar on the 15th day of the month preceding the interest payment date at the addresses appearing in such registration books. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the Registered Owners or nominees of such owners at the principal office of either Fiscal Agent in Seattle, Washington, or New York, New York, at the option of the Registered Owner.

Section 3. Description and Form of Bonds. The Bonds shall be designated as "Everett School District No. 2, Snohomish County, Washington, Unlimited Tax General Obligation Bonds,

Series 1986-B," and shall be in substantially the following form:

Registered No.	Principal Amount
_____	\$ _____
Registered CUSIP No.	Maturity Date
_____	_____

UNITED STATES OF AMERICA
STATE OF WASHINGTON
EVERETT SCHOOL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON
UNLIMITED TAX GENERAL OBLIGATION BOND, SERIES 1986-B

Everett School District No. 2, Snohomish County, Washington (the "District"), hereby acknowledges itself to owe and for value received promises to pay on the Maturity Date set forth above to the Registered Owner specified above, or registered assigns, the principal amount of

together with interest thereon at the rate of

_____ percent (_____ %)

per annum until the payment of such principal sum, such interest being payable on the first day of _____, 198_, and semiannually on the first days of each _____ and _____ thereafter. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid by mailing a check or draft on or before the next interest payment date to the Registered Owner or nominee of such owner whose name appears on the registration books maintained by the Bond Registrar on the 15th day of the month preceding the interest payment date at the address shown on such registration books. Principal shall be paid to the Registered Owner upon presentation and surrender of this bond at the principal office of either Fiscal Agent of the State of Washington in Seattle, Washington, or New York, New York, at the option of the Registered Owner.

Reference is hereby made to additional provisions of this bond set forth on the reverse 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 until the Certificate of Authentication hereon shall have been signed by the Bond Registrar.

It is hereby certified and declared that all acts, conditions and things required to exist, to have happened, been done and performed precedent to and in the issuance of this bond do exist, have happened, been done and performed, and that the total indebtedness of the District, including this bond and the bonds of this issue, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, Everett School District No. 2, Snohomish County, Washington, has caused this bond to be signed with the facsimile signatures of its duly authorized officers and has caused a facsimile of the seal of the District to be reproduced hereon as of this first day of _____, 1986.

EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington

(Facsimile Seal)

President
Board of Directors

Superintendent (as Secretary,
Board of Directors)

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

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the Unlimited Tax General Obligation Bonds, Series 1986-B, of Everett School District No. 2, Snohomish County, Washington, described in the within-mentioned resolution.

WASHINGTON STATE FISCAL AGENT,
as Bond Registrar

By _____
Authorized Officer

ADDITIONAL BOND PROVISIONS

This bond is one of an authorized issue of bonds of the District designated "Everett School District No. 2, Snohomish County, Washington, Unlimited Tax General Obligation Bonds, Series 1986-B" (the "Bonds"), all of which bonds are of like date and tenor, except as to number, interest rate and date of maturity, aggregating \$9,310,000 in principal amount. All Bonds are in the denomination of \$5,000 or integral multiples thereof. The Bonds are issued in order to provide funds to pay part of the cost of making certain capital improvements permitted by law necessary and proper to carry out the functions of the District, pursuant to an election held in the District on February 4, 1986 authorizing the same, and in accordance with the provisions of the Constitution and statutes of the State of Washington and resolutions duly adopted by the Board of Directors of the District.

The Bonds maturing _____ through _____ are issued without the right of the District to call the same for redemption prior to their respective maturity dates. The District reserves the right to redeem the outstanding Bonds of this issue in multiples of \$5,000 maturing on and after _____ 1, 19__ in whole, or in part in inverse chronological order of maturity and by lot within a maturity, on _____ 1, 19__, or on any interest payment date thereafter at par plus accrued interest to the date of redemption.

Notice of any intended redemption will be given by registered or certified mail to the Registered Owners of the Bonds to be redeemed at their addresses as they appear on the bond register. Such mailing will be made not less than 30 nor more than 60 days prior to the redemption date.

This bond is interchangeable for a bond or bonds of this series of any authorized denomination of equal aggregate principal amount and of the same interest rate and maturity upon presentation and surrender to the Bond Registrar.

The District hereby irrevocably covenants that for as long as any of the Bonds are outstanding, it will make annual levies of ad valorem taxes without limitation as to rate or amount upon all the property within the District subject to taxation which, with

other moneys legally available therefor, will be sufficient to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and taxing power of the District are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

[BOND COUNSEL OPINION TO APPEAR HERE]

The provision for assignment on the Bonds shall be in substantially the following form:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____
(name and address of assignee)
the within bond and does hereby irrevocably constitute and appoint _____ of _____,
or its successor, as Bond Registrar to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

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

SIGNATURE GUARANTEE:

Section 4. Execution. The Bonds shall be signed with the facsimile signatures of the officers designated in accordance

with Washington law, including RCW 28A.51.020 and RCW 39.44.100, as applicable.

In case any officer who shall have executed the Bonds shall cease to be such officer of the District before the Bonds so signed shall have been authenticated or delivered by the Bond 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 the same had continued to be such officers of the District. Any Bond may also be signed 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 5. Registration and Authentication. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the District. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution and to carry out all of the Bond Registrar's powers and duties under this resolution and the Fiscal Agency Agreement.

The Bond Registrar shall be responsible for its representations contained in the Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder.

Section 6. Bond Proceeds. Accrued interest will be deposited in the debt service fund of the District heretofore created in the office of the Treasurer of Snohomish County, as ex officio Treasurer of the District. The amount representing capitalized interest, if any, which amount shall not exceed six months of capitalized interest, shall be deposited directly in the debt service fund. All other moneys derived from the sale of the Bonds shall be deposited in the capital projects fund of the District and expended for the purposes authorized by District Resolution No. 338 except that portion which may be

used to pay incidental costs and costs incurred in issuing and selling the Bonds in accordance with RCW 39.46.070. Pending expenditure, the Bond proceeds may be invested, and the investment income derived shall be retained in the capital projects fund or debt service fund as applicable and used for the purposes of the respective fund, as provided by law.

Section 7. Covenants of the District. The District hereby irrevocably covenants that for as long as any of the Bonds are outstanding it will make annual levies of ad valorem taxes without limitation as to rate or amount upon all the property within the District subject to taxation which, with other moneys legally available therefor, will be sufficient to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and taxing power of the District are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. The District further covenants that it will make no use of the proceeds of the Bonds or other funds of the District at any time during their term which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and the Superintendent and other appropriate officials of the District are hereby authorized to execute such certificates as shall be necessary to establish that the Bonds are not "arbitrage bonds" within the meaning of said

Section 103(c) and the regulations promulgated or on the date of issue proposed thereunder. The District hereby covenants to take any action which the District after consultation with its bond counsel determines is legal, practicable and necessary to comply with any provisions of H.R. 3838 or other similar federal legislation to maintain the tax exempt status on the Bonds.

Section 8. Authorization of Officials. The Secretary of the Board of Directors is hereby authorized and directed to deliver a certified copy of this resolution to the Treasurer of Snohomish County. The proper officials of the District are hereby authorized and directed to do all things necessary and to execute any and all papers and documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of this resolution.

Section 9. Fiscal Agent. The District hereby appoints the Washington State Fiscal Agent (currently Seattle-First National Bank, Seattle, Washington and J. Henry Schroder Bank & Trust Company, New York, New York) to act as the Bond Registrar, transfer agent and paying agent for the Bonds.

The Fiscal Agent is authorized to and shall act in accordance with the requirements, rules and regulations set forth under the "Rules of the Stock Transfer Association," the "Uniform Stockholder Description (as adopted by The New York Clearing House Association)," the "Uniform Commercial Code" and

the Securities and Exchange Commission "Regulation of Transfer Agents (Release No. 34-13636)."

The Fiscal Agent is authorized to and shall act in accordance with the Washington State Fiscal Agency Agreement entered into by and between the State of Washington and said Fiscal Agent on April 11, 1984.

Section 10. Bond Counsel. The District hereby designates Perkins Coie, of Seattle, Washington, to act as bond counsel in connection with the issuance and delivery of the Bonds.

Section 11. Method of Sale. The Bonds shall be sold through a negotiated underwriting with Dain Bosworth Incorporated (the "Underwriter") acting as lead Underwriter.

Notwithstanding the Board's authorization to proceed with a negotiated underwriting, the District shall be under no obligation to accept the terms of any offer made by the Underwriter.

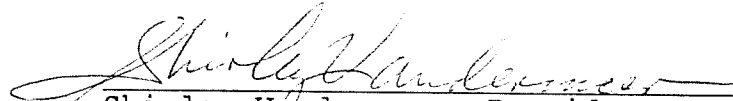
Section 12. Financial Advisor. The District hereby appoints Seattle-First National Bank as financial advisor to provide the services as indicated on the attached Exhibit A.

Section 13. Preliminary Official Statement. The Underwriter shall not be authorized to market the Bonds until it has provided a Preliminary Official Statement to the Board for its approval.

Section 14. Headings. Headings used in this Resolution are for convenience of reference only and shall not affect the interpretations or construction of this Resolution.

PASSED by the Board of Directors of Everett School District No. 2, Snohomish County, Washington, at a regular, open public meeting thereof, notice of which was given as required by law, held this 16th day of June, 1986.

EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington


Shirley Vandermeer, President

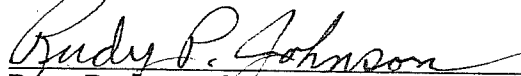
Sue Cooper, Vice President


Robert Daoust, Member


Charles Betts, Member


Earl Dutton, Member

ATTEST:


Dr. Rudy Johnson, Secretary
Board of Directors



Randall Vanek
Vice President
Public Finance Department
Capital Markets Division

May 12, 1986

Dr. Paul Sjunnesen
Assistant Superintendent for Business
Everett School District No. 2
4730 Colby Ave.
Everett, WA 98203

Dear Dr. Sjunnesen:

We are pleased to present this letter agreement for your acceptance under which the Bank will act as financial advisor in connection with Everett School District's issue of \$37,950,000 general obligation bonds.

Exclusive Financial Advisory Agreement

Actions to be Performed

As your financial advisor we will provide the following services to you and members of your staff:

- (1) General advice concerning questions and decisions to be made consistent with your objective of issuing bonds on terms that are advantageous to you.
- (2) Advice and recommendations relative to the structure and composition of the underwriting syndicate.
- (3) Advice and recommendations as to the timing of the bond sale, taking into account conditions in the bond market, other forthcoming bond issues, general information and economic data which might influence interest rates, and the date when you will need the bond proceeds.
- (4) On the day that the District anticipates receiving an offer to purchase bonds, Seafirst will prepare an estimate of the market for those bonds together with substantiation through comparison with other bonds available or bond issues recently sold. In addition we will compare the offer actually received with this estimate and detail any differences between the estimate and the bid actually received. We will summarize these differences and make a recommendation either to accept or reject the offer.
- (5) A review of your outstanding debt, your existing bond levy requirements, your cash flow through the bond fund, the assets and liabilities of the fund, and further parameters you believe important, and recommendations about the proposed maturity schedule of your bond issue.

- (6) An examination of the call or early redemption provisions of the offer and make recommendations about call provisions.
- (7) A review of the bond resolution, the closing memo and other legal documents relevant to the sale.
- (8) A review of your submission to both rating firms (Moody's Investors Service, Inc., and Standard & Poor's Corp.).
- (9) A review of the Official Statement prepared by the underwriter for completeness and presentation and to ensure that all items are included necessary to satisfy your disclosure obligations incident to the offering of bonds.

Participation in Bond Sale

Seafirst Bank agrees that if we are hired as independent financial advisor, we will not participate in the underwriting as a member of the syndicate. We do, however, reserve the right to reflect the offers of our customers to purchase bonds as agent for those customers.

Fees and Expenses


We will provide the foregoing services as your financial advisor for a total fee of \$7,250.00. All other costs in connection with the issuance, sale, registration and delivery of the bonds, such as underwriter's compensation, bond counsel fees, official statement printing and mailing costs, bond printing costs, rating agency fees and legal advertising will be at your expense. If you accept this proposal, it is understood that either party, by 60 days' prior written notice, may terminate this agreement.

Non-discrimination/Affirmative Action Compliance

Seattle-First National Bank complies with all applicable federal and state statutes and regulations which impose non-discrimination and affirmative action requirements and will, upon request, provide any certification or documentation required by law to demonstrate their compliance.

Respectfully submitted,

SEATTLE-FIRST NATIONAL BANK


By Randall Vanek
Vice President

Accepted May 15, 1986

By Paul Spinson
Title Asst. Supt. for Business