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AUBURN SCHOOL DISTRICT NO. 408  
KING AND PIERCE COUNTIES, WASHINGTON

GENERAL OBLIGATION BONDS

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RESOLUTION NO. 1146

- A RESOLUTION of the Board of Directors of Auburn School District No. 408, King and Pierce Counties, Washington, providing for the form of the ballot proposition and specifying certain other details concerning submission to the qualified electors of the district at a special election to be held therein on February 14, 2012, of a proposition for the issuance of its general obligation bonds in the aggregate principal amount of \$110,000,000, or so much thereof as may be issued under the laws governing the indebtedness of school districts for the purpose of providing funds to modernize and reconstruct Auburn High School and authorizing the Superintendent and/or Deputy Superintendent, Business and Operations to submit a request for eligibility for the Washington State School District Credit Enhancement Program.

ADOPTED NOVEMBER 28, 2011

PREPARED BY:

K&L GATES LLP  
Seattle, Washington

AUBURN SCHOOL DISTRICT NO. 408  
KING AND PIERCE COUNTIES, WASHINGTON

GENERAL OBLIGATION BONDS  
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\* This Table of Contents and the cover page are not a part of the following resolution and are included only for the convenience of the reader.

RESOLUTION NO. 1146

A RESOLUTION of the Board of Directors of Auburn School District No. 408, King and Pierce Counties, Washington, providing for the form of the ballot proposition and specifying certain other details concerning submission to the qualified electors of the district at a special election to be held therein on February 14, 2012, of a proposition for the issuance of its general obligation bonds in the aggregate principal amount of \$110,000,000, or so much thereof as may be issued under the laws governing the indebtedness of school districts for the purpose of providing funds to modernize and reconstruct Auburn High School and authorizing the Superintendent and/or Deputy Superintendent, Business and Operations to submit a request for eligibility for the Washington State School District Credit Enhancement Program.

WHEREAS, improvements facilities are needed in Auburn School District No. 408, King and Pierce Counties, Washington (the "District"), in order to provide the students of the District with safe, adequate and efficient educational facilities; and

WHEREAS, in order to provide part of the funds to enable the District to modernize and reconstruct Auburn High School, it is deemed necessary and advisable that the District issue and sell its unlimited tax levy general obligation bonds in the principal amount of \$110,000,000 (the "Bonds"); and

WHEREAS, the Constitution and laws of the State of Washington (including RCW 28A.530.010 and RCW 84.52.056) provide that the question of whether or not such Bonds may be issued and sold for such purposes and taxes levied to pay such Bonds must be submitted to the qualified electors of the District for their ratification or rejection; and

WHEREAS, in RCW ch. 39.98 (the "Credit Enhancement Act"), the State Legislature established a credit enhancement program (the "Program") for voter-approved school district general obligation bonds; and

WHEREAS, Section 39.98.040 of the Credit Enhancement Act authorizes the state treasurer to make a determination that a school district is eligible for participation in the Program if the state treasurer determines that the District is eligible under rules adopted by the state finance committee; and

WHEREAS, the District may elect to participate in the Program upon an administrative determination that it is cost-effective;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF AUBURN SCHOOL DISTRICT NO. 408, KING AND PIERCE COUNTIES, WASHINGTON, as follows:

Section 1. Findings. This Board of Directors (the "Board") hereby finds and declares that the best interest of the students and other inhabitants of the District require the District to carry out the plans hereinafter provided at the time or times and in the order deemed most necessary and advisable by the Board.

Section 2. Capital Improvements. The District shall modernize and reconstruct Auburn High School (the "Improvements"). The Improvements include replacement of approximately 240,000 square feet of existing buildings, modernization of the Performing Arts Center and Automotive Technology building, as well as modernization and improvements to the site, and make other capital improvements.

The cost of all necessary architectural, engineering, and other consulting services, inspection and testing, administrative and relocation expenses, on and off-site utilities, site acquisition, related improvements and other costs incurred in connection with the making of the foregoing Improvements shall be deemed a part of the costs of such Improvements. Such Improvements shall be complete with all necessary furniture, equipment and appurtenances.

The District shall determine the application of available moneys so as to accomplish, as nearly as may be, all of the Improvements described or provided for in this section. The District shall determine the exact extent and specifications for construction of structures or other improvements.

If the Board determines that it has become impractical to accomplish any of such Improvements or portions thereof by reason of state or local circumstances, including changed conditions, incompatible development, lack of additional state funding, or costs substantially in excess of those estimated, the District shall not be required to accomplish such Improvements and may apply the Bond proceeds or any portion thereof to other portions of the Improvements, to other capital improvements, or to payment of principal of or interest on the Bonds, as the Board may determine after holding a public hearing thereon pursuant to RCW 28A.530.020.

In the event that the proceeds of sale of the Bonds, plus any other moneys of the District legally available, are insufficient to accomplish all of the Improvements provided by this section, the District shall use the available funds for paying the cost of those Improvements for which the Bonds were approved deemed by the Board most necessary and in the best interest of the District.

If available funds are sufficient from the proceeds of Bonds authorized for the above purposes, and state or local circumstances require, the District shall use such funds for planning of future capital projects and capital replacements of District facilities, to pay the principal of or interest on the Bonds or to acquire, construct, equip, modernize and make other capital improvements to the facilities of the District, all as the Board of Directors may determine, after holding a public hearing thereon pursuant to RCW 28A.530.020.

It is anticipated that the District may receive funds from the State of Washington pursuant to Chapter 28A.525 RCW. To the extent that such state funds are not received timely and used to pay costs of the Improvements, the District intends to apply such state funds for future school building construction projects as part of the District's Replacing Aging Schools program, including planning and design of such schools. Such state funds may also be applied to pay the principal of or interest on the bonds provided for herein or to make other capital improvements to the facilities of the District as the Board may determine after holding a public hearing thereon pursuant to RCW 28A.530.020.

Section 3. Authorization of Bonds. For the purpose of providing part of the funds necessary to pay the cost of the Improvements described in Section 2 hereof and/or to reimburse the District for such costs to the extent that District funds have been used for such purposes, together with incidental costs and costs related to the sale and issuance of the Bonds, the District shall issue and sell its unlimited tax levy general obligation bonds in the principal amount of not to exceed \$110,000,000. The balance of the cost of such Improvements shall be paid out of any moneys which the District now has or may later have on hand which are legally available for such purposes, including impact fees, and out of possible state or federal grants of money. None of the Bond proceeds shall be used for the replacement of equipment or for any other than a capital purpose. Such Bonds shall be issued in an amount not exceeding the amount approved by the qualified electors of the District as required by the Constitution and laws of the State of Washington or exceeding the amount permitted by the Constitution and laws of the State of Washington.

Section 4. Details of Bonds. The Bonds provided for in Section 3 hereof shall be sold in such amounts and at such time or times as deemed necessary and advisable by this Board and as

permitted by law, shall bear interest at a rate or rates not to exceed the maximum rate permitted by law at the time the Bonds are sold, and shall mature in such amounts and at such times within a maximum term of twenty (20) years from date of issue, but may mature at an earlier date or dates, as authorized by this Board and as provided by law. Said Bonds shall be general obligations of the District and, unless paid from other sources, both principal thereof and interest thereon shall be payable out of annual tax levies to be made upon all the taxable property within the District without limitation as to rate or amount and in excess of any constitutional or statutory tax limitations. The exact date, form, terms and maturities of said Bonds shall be as hereafter fixed by resolution of the Board of Directors. After voter approval of the bond proposition and in anticipation of the issuance of such bonds, the District may issue short term obligations as authorized and provided by Chapter 39.50 RCW. The proceeds of such Bonds may be used to redeem and retire short term obligations or to reimburse the District for expenditures previously made for such Improvements.

Section 5. Election. The Board finds that it is in the best interests of the District and its residents to submit to the voters of the District at a special election to be held on February 14, 2012, the proposition of whether the District will issue the Bonds. The District is a joint school district pursuant to RCW 28A.323.010. The Secretary of the Board is hereby authorized and directed to certify the proposition to the King County Elections in substantially the following form:

PROPOSITION NO. 2

AUBURN SCHOOL DISTRICT NO. 408  
GENERAL OBLIGATION BONDS - \$110,000,000

The Board of Directors of Auburn School District No. 408 approved a proposition for bonds. This proposition authorizes the District to modernize and reconstruct Auburn High School, including its Performing Arts Center and Automotive Technology building and existing buildings, and modernization and improvements to the site, to issue \$110,000,000 of general obligation bonds maturing within a maximum term of 20 years, and levy excess property taxes annually to repay the bonds, as described in Resolution #1146. Should this proposition be:

APPROVED? .....

REJECTED? .....

The Secretary of the Board of Directors is hereby authorized to deliver a certified copy of this resolution to the King County Elections and a courtesy copy to the Pierce County Auditor.

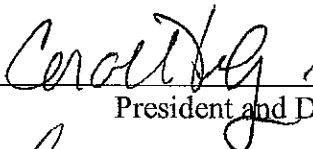
Section 6. Request for Eligibility for the Credit Enhancement Program. In preparation for the issuance and sale of the Bonds after approval by the voters, the Board of Directors hereby requests that the State Treasurer issue a certificate of eligibility in favor of the District for participation by the District in the Program with respect to the Bonds. The Superintendent and/or Deputy Superintendent, Business and Operations is hereby authorized (following voter approval) to submit such applications, resolutions and certifications as shall be required by the State Treasurer in reviewing the District's request for participation.

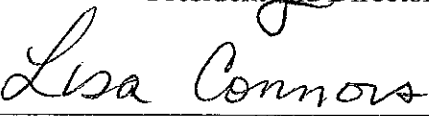
Section 7. Severability. In the event that any provision of this resolution shall be held to be invalid, such invalidity shall not affect or invalidate any other provision of this resolution or the Bonds, but they shall be construed and enforced as if such invalid provision had not been contained herein; provided, however, that any provision which shall for any reason be held by reason of its extent to be invalid shall be deemed to be in effect to the extent permitted by law.

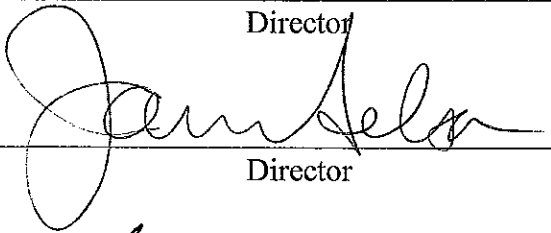
Section 8. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Board of Directors of Auburn School District No. 408, King and Pierce Counties, Washington, at a regular meeting held this 28th day of November, 2011.

AUBURN SCHOOL DISTRICT NO. 408, KING AND PIERCE COUNTIES, WASHINGTON

By   
President and Director


  
Director

  
Director

  
Director

  
Director

ATTEST:

  
Secretary, Board of Directors

CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of Auburn School District No. 408, King and Pierce Counties, Washington (the "District"), and keeper of the records of the Board of Directors (the "Board"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 1146 of the Board (herein called the "Resolution"), duly adopted at a regular meeting thereof held on the 28h day of November, 2011.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of November, 2011.

  
Secretary, Board of Directors

OFFICIAL BALLOT

AUBURN SCHOOL DISTRICT NO. 408, KING AND PIERCE COUNTIES, WASHINGTON

February 14, 2012

INSTRUCTIONS TO VOTERS: To vote in favor of the following proposition, place a cross (X) in the square opposite the word "APPROVED"; to vote against the following proposition, place a cross (X) in the square opposite the word "REJECTED."

PROPOSITION NO. 2

AUBURN SCHOOL DISTRICT NO. 408  
GENERAL OBLIGATION BONDS - \$110,000,000

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APPROVED? .....

REJECTED? .....

NOTICE OF SPECIAL ELECTION

AUBURN SCHOOL DISTRICT NO. 408  
KING AND PIERCE COUNTIES, WASHINGTON

February 14, 2012

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NOTICE IS HEREBY GIVEN that on Tuesday, February 14, 2012, a special election will be held in the above-named school district for the submission to the qualified electors of said school district of the following proposition:

PROPOSITION NO. 2

AUBURN SCHOOL DISTRICT NO. 408  
GENERAL OBLIGATION BONDS - \$110,000,000

The Board of Directors of Auburn School District No. 408 approved a proposition for bonds. This proposition authorizes the District to modernize and reconstruct Auburn High School, including its Performing Arts Center and Automotive Technology building and existing buildings, and modernization and improvements to the site, to issue \$110,000,000 of general obligation bonds maturing within a maximum term of 20 years, and levy excess property taxes annually to repay the bonds, as described in Resolution #1146. Should this proposition be:

APPROVED? .....

REJECTED? .....

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King County Elections