

RESOLUTION NO. 1007

A RESOLUTION OF THE BOARD OF DIRECTORS OF SOUTH KITSAP SCHOOL DISTRICT NO. 402, KITSAP COUNTY, WASHINGTON, DESCRIBING CERTAIN CAPITAL IMPROVEMENTS TO BE MADE TO ITS EDUCATION FACILITIES; DECLARING THE ESTIMATED COST OF SUCH IMPROVEMENTS; PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$163,200,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS PAYABLE FROM AD VALOREM TAXES LEVIED AGAINST ALL THE TAXABLE PROPERTY WITHIN THE DISTRICT; PROVIDING FOR THE SUBMISSION OF THE PROPOSITION OF INCURRING SUCH INDEBTEDNESS TO THE QUALIFIED ELECTORS AT A SPECIAL ELECTION TO BE HELD ON TUESDAY, MARCH 13, 2007; PROVIDING FOR THE NOTICE OF SUCH ELECTION; AUTHORIZING THE SUPERINTENDENT TO SUBMIT A REQUEST FOR ELIGIBILITY FOR THE STATE OF WASHINGTON'S SCHOOL BOND GUARANTEE PROGRAM; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

**SOUTH KITSAP SCHOOL DISTRICT NO. 402
Kitsap County, Washington**

**UNLIMITED TAX GENERAL OBLIGATION BONDS
PRINCIPAL AMOUNT OF NOT TO EXCEED \$163,200,000**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SOUTH KITSAP SCHOOL DISTRICT NO. 402, KITSAP COUNTY, WASHINGTON, as follows:

WHEREAS, South Kitsap School District No. 402, Kitsap County, Washington (the "District"), is a first-class school district duly organized and existing under and by virtue of the Constitution and the laws of the state of Washington (the "State");

WHEREAS, the Board of Directors of the District (the "Board") has determined that certain capital improvements to the education facilities of the District are required to better serve the academic, health and safety needs of the students of the District in order to provide the students attending and using the same with adequate, proper and safe education facilities;

WHEREAS, in order to provide funds to plan, acquire, design, construct, equip and install such capital improvements, the Board hereby deems it necessary and advisable that the District issue and sell its unlimited tax general obligation bonds in the principal amount of not to exceed \$163,200,000 (the "Bonds") to pay the costs of the Project (as defined in Section 2 below), all pursuant to the provisions of chapters 28A.530, 39.36 and 39.46 RCW;

WHEREAS, RCW 28A.530.020 requires that a special election be called for the submission of a proposition to the qualified electors within the District for their approval or rejection prior to incurring such bonded indebtedness;

WHEREAS, the District will notify the Kitsap County Auditor, as ex officio Supervisor of Elections for the District, in compliance with chapter 29A.04 RCW, of its intention to hold a special election on Tuesday, March 13, 2007, to submit the proposition of the issuance of the Bonds to the qualified electors of the District for their approval or rejection;

WHEREAS, chapter 39.98 RCW was enacted for the purpose of establishing a credit enhancement program (the "Program") for voter-approved school district general obligation bonds;

WHEREAS, RCW 39.98.040 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 a school district is eligible under rules adopted by the State Finance Committee; and

WHEREAS, to the extent the Program demonstrates substantial savings to the taxpayers of the District, the District wishes to participate in the Program;

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

Section 1: The Board hereby determines that the best interest of the residents and students of the District requires the planning, acquisition, design, construction and installation of certain capital improvements and betterments to its education facilities, together with all necessary appurtenances, fixtures and furnishings therefor, including technology improvements.

Section 2: The proposed capital improvements to be paid for with the Bond proceeds and State school construction financing assistance are as follows:

- (a) construction of a second high school;
- (b) replacement of South Colby Elementary School with a new elementary school;
- (c) electrical and network enhancements to provide the capacity to improve academic instruction using computers and technology;
- (d) capital improvements to and modernization of heating and cooling systems and roofs;
- (e) capital improvements to and modernization of physical education and athletic facilities;
- (f) repayment of the bond anticipation notes line of credit issued to purchase the second high school site to reduce interest costs;
- (g) the acquisition and installation of all necessary appurtenances, equipment, fixtures and furnishings of the foregoing as deemed necessary by the Board; and

(h) ancillary costs of planning, 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 (collectively the "Project").

The Project, which does not include the replacement of equipment, is to be more fully described in the plans and specifications to be prepared by the District's architects and engineers and to be filed with the District.

Section 3: 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 Project is not required or in the best interests of the District, the Board retains the right not to acquire, construct and install such portion of the Project and to reallocate the money originally contemplated therefor to other capital improvements to the District's education facilities deemed more necessary by the Board, or to deposit such money into the District's Debt Service Fund to make debt service payments on the Bonds or to call and redeem a portion of the Bonds prior to maturity; provided, any change in use of Bond proceeds shall be in the form and manner required by law.

Section 4: The total estimated cost of the Project is hereby declared to be approximately \$163,200,000 which shall be paid, if authorized and empowered by the three-fifths (3/5ths) majority approving vote of the qualified electors of the District, by the issuance and sale of unlimited tax general obligation bonds in the principal amount of not to exceed \$163,200,000.

Section 5: In the event the District has other legally available money or there are Bond proceeds (or interest earnings thereon) remaining after the Project has been completed or duly provided for, the Board shall deposit such money into the District's Debt Service Fund to make debt service payments on the Bonds outstanding or to call and redeem a portion of the Bonds prior to maturity.

Section 6: In the event the Bond proceeds are insufficient to complete the Project, the District shall use the available money to pay the costs of those portions of the Project deemed most necessary and to be in the best interest of the District by the Board.

Section 7: The Bonds, if approved and issued, shall be sold in such amounts and at such time or times as deemed necessary and advisable by the Board all as permitted by law. The Bonds shall bear interest at such rate or rates not to exceed the maximum provided by law at the time they are sold. The Bonds shall mature in such amounts and at such time or times within a maximum term of 25 years from their date of issue but may mature at an earlier date or dates, as authorized by the Board and provided by law. The Bonds shall be unlimited tax general obligations of the District; and, unless paid from other sources, both principal thereof and interest thereon shall be payable out of annual property tax levies to be made upon all taxable property within the District without limitation as to rate or amount. The designation of the Bonds may be changed to reflect the actual date of issuance. The exact date, form, terms and maturities of the Bonds shall be hereafter fixed by resolution of the Board.

Section 8: A special election is hereby requested to be called, conducted and held within the District on Tuesday, March 13, 2007, for the purpose of submitting to the qualified electors of the District, for their approval or rejection, the District's proposal to complete the Project; to incur indebtedness; to issue the Bonds to finance the costs of the Project; and to levy taxes in excess of the regular property tax levies to pay the principal of and interest on the Bonds.

Section 9: The Kitsap County Auditor, as ex officio Supervisor of Elections for the District, is hereby requested to call and conduct a special election to be held within the District on Tuesday, March 13, 2007.

Section 10: Pursuant to RCW 29A.36.071, as amended, the Kitsap County Prosecuting Attorney is requested to prepare the concise description of the proposition for the ballot title substantially in the following form:

PROPOSITION NO. 1

SOUTH KITSAP SCHOOL DISTRICT NO. 402

SCHOOL CONSTRUCTION AND FACILITY AND TECHNOLOGY
IMPROVEMENTS GENERAL OBLIGATION BONDS

The Board of Directors of South Kitsap School District No. 402, adopted Resolution No. 1007, concerning a proposition to finance capital improvements to its facilities. This proposition authorizes the District to build a second high school, replace South Colby Elementary, improve technology, electrical, heating and cooling systems and roofs District-wide, improve District physical education facilities and pay for other capital improvements; issue general obligation bonds maturing within 25 years not to exceed \$163,200,000; and levy annual excess property tax levies to pay such bonds, as provided in Resolution No. 1007. Should this proposition be:

APPROVED:

REJECTED:

Section 11: The Board hereby determines that it is in the best interests of the qualified electors to conduct the special election by mail ballot; therefore the INSTRUCTIONS TO VOTERS shall also include the following information: (i) advise the voter that the election is to be by mail ballot, the amount of postage required on the return envelope, and that the regular polling places will not be open; (ii) list the location of the place where the voter may obtain a replacement ballot if his or her ballot is destroyed, spoiled, or lost; (iii) list the location of the place(s) where the voter may deposit his or her ballot on election day in the event the ballot is not mailed; (iv) advise the voter that in order for his or her ballot to be counted it must be either postmarked not later than the day of the election or deposited at the designated place between the hours of 7:00 a.m. and 8:00 p.m. on the day of the election; (v) advise the voter that his or her ballot must be marked in secret; and (vi) advise the voter that any person attempting to vote when he or she is not entitled or who falsely signs the affidavit shall be guilty of a felony, punishable by imprisonment for not

more than five years or a fine of not more than five thousand dollars, or both such fine and imprisonment.

Section 12: The procedures and forms to conduct the special election by mail ballot shall be prescribed by the Kitsap County Auditor in accordance with chapter 29A.48 RCW and chapter 434-250 Washington Administrative Code.

Section 13: In the event the Project is approved pursuant to RCW 39.36.020 and Article VII, Section 2(b) of the State Constitution, there shall be levied and collected annual tax levies in an amount sufficient in each such year during the life of the Bonds, and until the full payment of both principal thereof and interest thereon, as will provide levy proceeds sufficient in amount to fully pay currently maturing installments of principal of and interest on the Bonds as such becomes due. Such tax levies will be in excess of the regular annual tax levies permitted by law.

Section 14: A notice of special election substantially in the form set forth in Exhibit "A" attached hereto and by reference incorporated herein shall be published at least once, which publication shall take place not more than ten days nor less than three days prior to the date of such election. Such publication shall be in a newspaper of general circulation within the District. The Kitsap County Auditor shall additionally notify local radio, television, and newspapers, if applicable, that the election is to be conducted by mail ballot only.

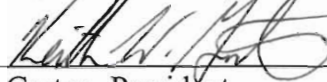
Section 15: The Secretary to the Board is hereby directed to deliver a certified copy of this resolution to the Kitsap County Auditor, as ex officio Supervisor of Elections for the District, at least 52 days before the date of the special election.

Section 16: The Board 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 of the District, or her designee, is hereby authorized and directed to submit such applications, resolutions and certifications as shall be required by the State Treasurer in reviewing the District's request for participation.

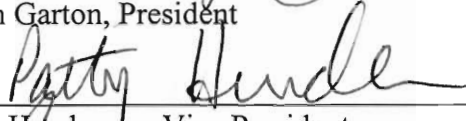
Section 17: This resolution shall take effect immediately upon adoption.

ADOPTED by the Board of Directors of South Kitsap School District No. 402, Kitsap County, Washington, at a special meeting thereof, held on October 11, 2006.


SOUTH KITSAP SCHOOL DISTRICT
NO. 402, Kitsap County, Washington



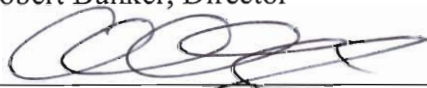
Keith Garton, President



Patty Henderson, Vice President



Robert Bunker, Director

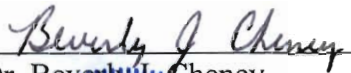


Chuck Mayhew, Director



Kathryn Simpson, Director

ATTEST:



Dr. Beverly J. Cheney
Secretary to the Board of Directors



CERTIFICATE

I, Dr. Beverly J. Cheney, Secretary to the Board of Directors of South Kitsap School District No. 402, Kitsap County, Washington, hereby certify that the foregoing resolution is a full, true and correct copy of a resolution duly passed and adopted at a special meeting of the Board of Directors of such District, duly held at the regular meeting place thereof on October 11, 2006, 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: *Garton, Henderson, Bunker, Mayhew and Simpson*

NAYS, Directors: *NONE*

ABSENT, Directors: *NONE*

ABSTAIN, Directors: *NONE*

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 this 18th day of October, 2006.

SOUTH KITSAP SCHOOL DISTRICT NO. 402
Kitsap County, Washington

Beverly J. Cheney

Dr. Beverly J. Cheney
Secretary to the Board of Directors



**CERTIFICATE OF THE KITSAP COUNTY AUDITOR, AS EX
OFFICIO SUPERVISOR OF ELECTIONS
FOR
SOUTH KITSAP SCHOOL DISTRICT NO. 402**

WHEREAS, the undersigned, as the duly elected, qualified and acting Kitsap County Auditor, as ex officio Supervisor of Elections for South Kitsap School District No. 402 has jurisdiction of and is required by law to conduct all special elections for school districts within Kitsap County;

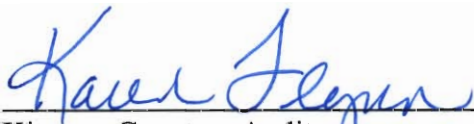
WHEREAS, the Board of Directors of South Kitsap School District No. 402, Kitsap County, Washington (the "District") by Resolution No. 1007, adopted on October 11, 2006, a certified copy of which has been delivered to the undersigned, has requested the holding of a special election on Tuesday, March 13, 2007; and

WHEREAS, the District by Resolution No. 1007 has authorized and directed the undersigned to assume jurisdiction of and to conduct such special election within the District;

NOW, THEREFORE, it is hereby authorized and ordered as follows:

The undersigned does hereby assume jurisdiction of the above-mentioned special election of the District authorized and ordered by Resolution No. 1007 of the District's Board of Directors, adopted on October 11, 2006, and will conduct such special election to be held on Tuesday, March 13, 2007.

DATED at Port Orchard, Washington, this 17th day of November, 2006.



Kitsap County Auditor, as ex officio
Supervisor of Elections for South Kitsap
School District No. 402