CASCADE SCHOOL DISTRICT NO. 228
CHELAN COUNTY, WASHINGTON

BONDS TO CONSTRUCT, RENOVATE AND MODERNIZE SCHOOLS

RESOLUTION NO. 14/15-3

A RESOLUTION of the Board of Directors of Cascade School District No. 228, Chelan County, Washington, providing for the submission to the voters of the District at a special election to be held on February 10, 2015, of a proposition authorizing the District to issue general obligation bonds in the principal amount of no more than $69,500,000, for the purpose of paying costs of constructing a new Osborn Elementary School on the Pine Street Property, renovating and expanding Cascade High School, modernizing and expanding Peshastin-Dryden Elementary School and refinancing the bond issued to acquire the Pine Street Property, the principal of and interest on such bonds to be payable from annual excess property tax levies; designating the Secretary to the Board and bond counsel to receive notice of the ballot title from the Auditor of Chelan County, Washington; authorizing a request for a Certificate of Eligibility from the State Treasurer pursuant to chapter 39.98 RCW; designating the Secretary to the Board and/or the District's Business Manager as the District officials authorized to file with the State Treasurer, on behalf of the District, the request for a Certificate of Eligibility; and providing for other matters properly related thereto, all as more particularly set forth herein.

ADOPTED: DECEMBER 15, 2014

This document prepared by:

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BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CASCADE SCHOOL DISTRICT NO. 228, CHELAN COUNTY, WASHINGTON, as follows:

Section 1. Findings and Determinations. The Board of Directors (the "Board") of Cascade School District No. 228, Chelan County, Washington (the "District"), takes note of the following facts and hereby makes the following findings and determinations:

(a) Student safety and security concerns, educationally outdated classrooms, failing building infrastructure, and the institution of new educational programs require that the District construct a new Osborn Elementary School on the Pine Street Property, renovate and expand Cascade High School, modernize and expand Peshastin-Dryden Elementary School and refinance the bond issued to acquire the Pine Street Property, all as more particularly defined and described in Section 2 herein (collectively, the "Projects"). The Projects are urgently required to correct the existing conditions.

(b) The District lacks sufficient money with which to pay costs of the Projects.

(c) To pay costs of the Projects, it is necessary and advisable that the District issue and sell unlimited tax general obligation bonds in the principal amount of no more than $69,500,000 (the "Bonds"), or such lesser maximum amount as may be legally issued under the laws governing the limitation of indebtedness or required to carry out and accomplish the Projects.

(d) The District is authorized pursuant to Article VII, Section 2(b) of the Washington Constitution and laws of the State of Washington, including Revised Code of Washington

("RCW") 28A.530.010, RCW 28A.530.020, RCW 39.36.050 and RCW 84.52.056, to submit to the District's voters at a special election, for their approval or rejection, the proposition of whether the District shall issue the Bonds to pay costs of the Projects and levy annual excess property taxes to pay and retire the Bonds.

(e) The best interests of the District's students and other inhabitants require the District to carry out and accomplish the Projects as hereinafter provided.

Section 2. Description of Projects. The Projects to be paid for with proceeds of the Bonds, including interest earnings thereon ("Bond Proceeds"), are more particularly defined and described as follows:

(a) Construct a new Osborn Elementary School on a site owned by the District known as the "Pine Street Property," all as deemed necessary and advisable by the Board.

(b) Renovate and expand Cascade High School, all as deemed necessary and advisable by the Board.

(c) Modernize and expand Peshastin-Dryden Elementary School, all as deemed necessary and advisable by the Board.

(d) Refinance and fund the District's outstanding Limited General Obligation Bond, 2014A, issued to finance the acquisition of the Pine Street Property, all as deemed necessary and advisable by the Board.

(e) Acquire, construct and install all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances in the foregoing, all as deemed necessary and advisable by the Board.

(f) Pay incidental costs incurred in connection with carrying out and accomplishing the Projects described above pursuant to RCW 39.46.070. Such incidental costs shall be deemed part of the Projects and shall include, but not be limited to: (1) costs related to the issuance, sale and delivery of the Bonds; (2) payments for fiscal and legal expenses; (3) costs of obtaining ratings and bond insurance; (4) costs of printing, advertising, establishing and funding accounts; (5) payment of interest due on the Bonds for up to six months after completion of construction; (6) necessary and related engineering, architectural, planning, consulting, inspection, permitting and testing costs; (7) administrative and relocation expenses; (8) site acquisition and improvement costs; (9) demolition costs; (10) costs related to demolition and/or deconstruction of existing facilities to recycle, reclaim and repurpose such facilities and/or building materials (including, but not limited to, costs of converting the existing Scamahorn House located on the Pine Street Property into an administrative support facility); (11) costs of on-site and off-site utilities and road improvements; and (12) costs of other similar activities or purposes, all as deemed necessary and advisable by the Board.

The Projects, or any portion or portions thereof, shall be acquired or made insofar as is practicable with available Bond Proceeds, together with any other money of the District legally available therefor, and in such order of time as shall be deemed necessary and advisable by the Board. Subject to Section 6 of this resolution, the Board shall allocate the Bond Proceeds, together with any other money of the District legally available therefor, between the various parts of the Projects so as to accomplish, as near as may be, all of the Projects. The Board shall determine the exact order, extent and specifications for the Projects. The Projects are to be more fully described in the plans and specifications to be filed with the District.

Section 3. Calling of Election. The Auditor of Chelan County, Washington, as *ex officio* Supervisor of Elections (the "Auditor"), is requested to call and conduct a special election in the District, in the manner provided by law, to be held therein on February 10, 2015, for the purpose of submitting to the District's voters, for their approval or rejection, the proposition of whether the District shall issue the Bonds to pay costs of the Projects and levy annual excess property taxes to pay and retire the Bonds.

If the proposition is approved by the requisite number of voters, the District will be authorized to issue, sell and deliver the Bonds in the manner described in this resolution, spend the Bond Proceeds to pay costs of the Projects, and levy annual excess property taxes to pay and retire the Bonds. The Bond Proceeds shall be used, either with or without additional money now available or hereafter available to the District, for capital purposes only, as permitted by law, which shall not include the replacement of equipment.

Section 4. Authorization to Issue the Bonds. The Bonds authorized may be issued as a single issue, as a part of a combined issue with other authorized bonds, or in more than one series, all as deemed necessary and advisable by the Board and as permitted by law. Further, the Bonds may be issued, as deemed necessary and advisable by the Board, as taxable bonds, tax-exempt bonds and/or any other type of tax credit bonds that are now or in the future may be authorized under applicable state and federal law, including, but not limited to, "build America bonds" or "qualified tax credit bonds" within the meaning of Section 54A(d)(1) of the Internal Revenue Code of 1986, as amended (the "Code") (generically, "Tax Credit Bonds").

Each series of the Bonds shall be issued as fully registered bonds; shall bear interest payable as permitted by law; shall mature within 20 years from the date of issuance of such series of the Bonds (but may mature at an earlier date or dates as fixed by the Board); shall be paid by annual property tax levies sufficient in amount to pay both principal and interest when due, which annual property tax levies shall be made in excess of regular property tax levies without limitation as to rate or amount but only in amounts sufficient to meet such payments of principal and interest as they come due; and shall be issued and sold in such manner, at such times and in such amounts as shall be required for the purpose for which each series of the Bonds are to be issued, all as deemed necessary and advisable by the Board and as permitted by law. The life of the Projects to be financed with the Bond Proceeds shall exceed the term of the respective series of Bonds that finance such Projects.

The Board hereby authorizes and directs the Secretary to the Board (the "Secretary") to determine for each series of Bonds whether such series should be sold by negotiated or competitive

sale, and with respect to such series of Bonds that are to be sold by competitive sale, to: (a) specify a date and time of sale of such Bonds; (b) give notice of that sale; (c) determine any bid requirements and criteria for determining the award of the bid; (d) provide for the use of an electronic bidding mechanism if the Secretary deems electronic bidding to be beneficial to the District; and (e) specify other matters in his or her determination necessary, appropriate or desirable to carry out the sale of the Bonds. Notwithstanding the foregoing, the amount, date, denominations, interest rates, payment dates, final maturity, redemption rights, price, and other terms and conditions of the Bonds (or parameters with respect thereto) shall be hereafter fixed by one or more resolutions of the Board authorizing the issuance, sale and delivery of such series of Bonds, which resolutions may delegate to a District officer or employee the authority to fix any of the foregoing, all as deemed necessary and advisable by the Board and as permitted by law.

Pending the issuance of any series of the Bonds, the District may issue short-term obligations pursuant to chapter 39.50 RCW (which may be issued as Tax Credit Bonds, if permitted under applicable law) to pay for any portion of the costs of the Projects. Such obligations may be paid or refunded with the Bond Proceeds.

If the District receives voter approval to issue the Bonds in the manner described in this resolution, the Board authorizes and directs the Secretary and/or the District's Business Manager (the "Business Manager") to: (a) review and "deem final" (within the meaning of Rule 15c2-12 of the Securities and Exchange Commission), if necessary and upon such official's satisfaction, any preliminary official statement prepared in connection with the sale of each series of the Bonds by the District; (b) authorize the "deemed final" preliminary official statement to be distributed prior to the date any underwriter or purchaser bids for, purchases, offers or sells each series of the Bonds; and (c) acknowledge in writing any action taken pursuant to clauses (a) and (b) of this paragraph.

Section 5. Intent to Reimburse. The Board declares that to the extent, prior to the date the Bonds, or other bonds or obligations (which includes the Bonds, or other bonds or obligations, issued as tax-exempt bonds and/or Tax Credit Bonds) are issued to pay costs of the Projects, the District shall make capital expenditures for the Projects from money that is not (and is not reasonably expected to be) reserved, allocated on a long-term basis or otherwise set aside by the District under its existing and reasonably foreseeable budgetary and financial circumstances to pay costs of the Projects, those capital expenditures are intended to be reimbursed out of the Bond Proceeds, or proceeds of other bonds or obligations, issued in an amount not to exceed the principal amount of the Bonds provided by this resolution.

Section 6. Sufficiency of Bond Proceeds. If Bond Proceeds are more than sufficient to carry out and accomplish the Projects (the "Excess Bond Proceeds"), and state or local circumstances require, the District may use the Excess Bond Proceeds to: (a) acquire, construct, install, equip and make other capital improvements to the District's facilities; or (b) retire and/or defease a portion of the Bonds or other outstanding bonds of the District, all as the Board may determine by resolution, after holding a public hearing thereon pursuant to RCW 28A.530.020. In the event that the Bond Proceeds, together with any other money of the District legally available therefor, are insufficient to carry out and accomplish all of the Projects, the District shall use the

Bond Proceeds and other available money for paying the cost of that portion of the Projects that is deemed by the Board most necessary and in the best interest of the District.

Section 7. Use of State Financing Assistance. It is anticipated that the District may receive some money from the State of Washington as state financing assistance under chapter 28A.525 RCW with respect to the Projects (the "State Financing Assistance"). The State Financing Assistance shall be used, when and in such amounts as it may become available, to carry out and accomplish the Projects. If the State Financing Assistance is more than sufficient to carry out and accomplish the Projects (the "Excess State Financing Assistance") and state or local circumstances require, the District may use the Excess State Financing Assistance to: (a) acquire, construct, install, equip and make other capital improvements to the District's facilities: (b) retire and/or defease a portion of the Bonds or other outstanding bonds of the District; or (c) provide for other purposes, all as the Board may determine by resolution, after holding a public hearing thereon pursuant to RCW 28A.530.020.

Section 8. Alteration of Expenditures. If the Board shall subsequently determine that state or local circumstances, including, but not limited to, changed conditions or needs, regulatory considerations or incompatible development, should cause any alteration to the Projects, the District shall not be required to accomplish the Projects and may apply the Bond Proceeds or State Financing Assistance (or any portion thereof) to: (a) other portions of the Projects; (b) acquire, construct, install, equip and make other capital improvements to the District's facilities; or (c) retire and/or defease a portion of the Bonds or other outstanding bonds of the District, all as the Board may determine by resolution after holding a public hearing thereon pursuant to RCW 28A.530.020.

Section 9. Form of Ballot Title. Pursuant to RCW 29A.36.071, the Chelan County Prosecuting Attorney is requested to prepare the concise description of the aforesaid proposition for the ballot title in substantially the following form:

PROPOSITION 1

CASCADE SCHOOL DISTRICT NO. 228

BONDS TO CONSTRUCT, RENOVATE AND MODERNIZE SCHOOLS

The Board of Directors of Cascade School District No. 228 adopted Resolution No. 14/15-3 concerning a proposition to improve student safety, educational opportunities and infrastructure. This proposition would authorize the District to: construct a new Osborn Elementary School on the Pine Street Property, renovate and expand Cascade High School, modernize and expand Peshastin-Dryden Elementary School and refinance the bond issued to acquire the Pine Street Property; issue no more than $69,500,000 of general obligation bonds maturing within 20 years; and levy annual excess property taxes to repay the bonds, all as provided in Resolution No. 14/15-3. Should this proposition be:

Approved ☐
Rejected ☐

Section 10. Authorization to Deliver Resolution to Auditor and Perform Other Necessary Duties. The Secretary or his designee is directed to: (a) present a certified copy of this resolution to the Auditor no later than December 26, 2014; and (b) perform such other duties as are necessary or required by law to submit to the District's voters at the aforesaid special election, for their approval or rejection, the proposition of whether the District shall issue the Bonds to pay costs of the Projects and levy annual excess property taxes to pay and retire the Bonds.

Section 11. Notices Relating to Ballot Title. For purposes of receiving notice of the exact language of the ballot title required by RCW 29A.36.080, the Board hereby designates the (a) Secretary (Bill Motsenbocker), telephone: 509.548.5885; fax: 509.548.6149; email: bmotsenbocker@cascadesd.org; and (b) bond counsel, Foster Pepper PLLC (Jim McNeill), telephone: 509.777.1602; fax 800.533.2284; email: mcnej@foster.com, as the individuals to whom the Auditor shall provide such notice. The Secretary is authorized to approve changes to the ballot title, if any, deemed necessary by the Auditor or the Chelan County Prosecuting Attorney.

Section 12. Authorization to Request Participation in Washington State School District Credit Enhancement Program Authorized. The Board hereby finds and determines that, if the District receives voter approval to issue the Bonds in the manner described in this resolution, it will be in the best interests of the District's taxpayers to request the State of Washington's guaranty for payment of the Bonds under chapter 39.98 RCW, the Washington State School District Credit Enhancement Program. Accordingly, the Board hereby requests the State Treasurer to issue a Certificate of Eligibility to the District pledging the full faith, credit, and taxing power of the State of Washington to guarantee the payment, when due, of the principal of and interest on the Bonds pursuant to chapter 39.98 RCW and the rules promulgated thereunder by the State Finance Committee. The Board designates the Secretary and/or the Business Manager as the District officials authorized to file with the State Treasurer, on behalf of the District, the request for a Certificate of Eligibility.

Section 13. Authorization to Request Authority to Issue Tax Credit Bonds. To the extent the Board deems it necessary and advisable to issue all or a portion of the Bonds as Tax Credit Bonds, the Board hereby (a) authorizes the District to request authorization from Office of the Superintendent of Public Instruction ("OSPI"), if applicable, to issue such Bonds as Tax Credit Bonds for the purpose of paying costs of the Projects, and (b) designates the Secretary and/or the Business Manager as the District officials authorized to prepare, sign and submit to OSPI the appropriate applications (or other required forms or documents) to issue the Tax Credit Bonds.

Section 14. General Authorization and Ratification. The Secretary, the Business Manager, the Chair of the Board, other appropriate officers of the District and bond counsel, Foster Pepper PLLC, are severally authorized and directed to take such actions and to execute such documents as in their judgment may be necessary or desirable to effectuate the provisions of this resolution. All actions taken prior to the effective date of this resolution in furtherance of and not inconsistent with the provisions of this resolution are hereby ratified and confirmed in all respects.

Section 15. Severability. If any provision of this resolution shall be declared by any court of competent jurisdiction to be invalid, then such provision shall be null and void and shall be separable from the remaining provisions of this resolution and shall in no way affect the validity of the other provisions of this resolution, of the Bonds or of the levy or collection of the taxes pledged to pay and retire the Bonds.

Section 16. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Board of Directors of Cascade School District No. 228, Chelan County, Washington, at a regular open public meeting thereof, held this 15th day of December, 2014, the following Directors being present and voting in favor of the resolution.

CASCADE SCHOOL DISTRICT NO. 228
CHELAN COUNTY, WASHINGTON

Chair and Director

Vice Chair and Director

Cindy Puckett
Director

Director

Director

ATTEST:

WILLIAM MOTSENBOCKER
Secretary to the Board of Directors

CERTIFICATE

I, WILLIAM MOTSENBOCKER, Secretary to the Board of Directors of Cascade School District No. 228, Chelan County, Washington (the "District"), hereby certify as follows:

1. The foregoing Resolution No. 14/15-3 (the "Resolution") is a full, true and correct copy of the Resolution duly adopted at a regular meeting of the Board of Directors of the District (the "Board") held at the regular meeting place thereof on December 15, 2014, as that Resolution appears on the minute book of the District, and the Resolution is now in full force and effect; and

2. A quorum of the members of the Board was present throughout the meeting and a sufficient number of members of the Board present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of December, 2014.

CASCADE SCHOOL DISTRICT NO. 228
CHELAN COUNTY, WASHINGTON

WILLIAM MOTSENBOCKER
Secretary to the Board of Directors