

MERCER ISLAND SCHOOL DISTRICT NO. 400
KING COUNTY, WASHINGTON

IN PERPETUITY
OCT 25 2013

GENERAL OBLIGATION BONDS

RESOLUTION NO. 610

- A RESOLUTION of the Board of Directors of Mercer Island School District No. 400, King County, 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 11, 2014, of a proposition for the issuance of its general obligation bonds in the aggregate principal amount of \$98,800,000 or so much thereof as may be issued under the laws governing the indebtedness of school districts for the purpose of providing funds to construct, equip, modernize and make certain capital improvements to the facilities of the District and authorizing the Superintendent to submit a request for eligibility for the Washington State School District Credit Enhancement Program.

ADOPTED SEPTEMBER 26, 2013

PREPARED BY:

K&L GATES LLP
Seattle, Washington

MERCER ISLAND SCHOOL DISTRICT NO. 400
KING COUNTY, WASHINGTON
RESOLUTION NO. 610

TABLE OF CONTENTS*

	<u>Page</u>
Recitals.....	1
Section 1. Findings.....	2
Section 2. Capital Improvements.....	2
Section 3. Authorization of Bonds.....	4
Section 4. Details of Bonds.....	4
Section 5. Election	5
Section 6. Voters' Pamphlet	6
Section 7. Request for Eligibility for the Credit Enhancement Program.....	6
Section 8. Severability	7
Section 9. Effective Date	7

* This Table of Contents is not a part of the following resolution.

RESOLUTION NO. 610

A RESOLUTION of the Board of Directors of Mercer Island School District No. 400, King County, 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 11, 2014, of a proposition for the issuance of its general obligation bonds in the aggregate principal amount of \$98,800,000 or so much thereof as may be issued under the laws governing the indebtedness of school districts for the purpose of providing funds to construct, equip, modernize and make certain capital improvements to the facilities of the District and authorizing the Superintendent to submit a request for eligibility for the Washington State School District Credit Enhancement Program.

WHEREAS, improvements are needed in Mercer Island School District No. 400, King County, Washington (the "District"), in order to provide the students of the District with adequate, proper and safe educational facilities; and

WHEREAS, in order to provide part of the funds to enable the District to construct, equip, modernize and make such necessary capital improvements to its facilities, it is deemed necessary and advisable that the District issue and sell its unlimited tax levy general obligation bonds in the principal amount of \$98,800,000 (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 MERCER ISLAND SCHOOL DISTRICT NO. 400, KING COUNTY, 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 make the following capital improvements (the "Improvements"):

- Demolition at the North Mercer Campus and construction and equipping of a new elementary school at the North Mercer campus, and if sufficient funds are available, facilities for the special education high needs/low incidence program; and;
- Demolition, rebuilding and modernization of a portion of the middle school, including fourteen (14) classrooms and lab spaces, commons and cafeteria, gymnasiums, music rooms, library, administration space and, if sufficient funds are available, facilities for the teacher resource center and a physical education

center to replace the current physical education annex; and

- Undertake facility additions, improvements, modernizations, and/or renovations to Mercer Island High School to provide ten (10) additional instructional spaces, including four (4) science labs and six (6) classrooms.

The cost of all necessary architectural, engineering, and other consulting services, inspection and testing, administrative and relocation expenses, on and off-site utilities, related improvements and other costs incurred in connection with the making of the foregoing capital 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 as between the various Improvements set forth above 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 and movement and placement of portables during construction. 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 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 shall either (1) not issue Bonds or (2) apply the Bond proceeds to the payment of principal of or interest on the Bonds, thereby reducing tax levies for debt service.

If available funds are in excess of the amount required to complete the Improvements, the balance of such funds shall be used to pay the principal of or interest on the Bonds, thereby reducing the tax levies for debt service.

It is anticipated that the District will receive approximately \$3,800,000 in matching funds from the State of Washington pursuant to Chapter 28A.525 RCW. The District intends to apply such funds to the completion of the Improvements described in Section 2. Such funds may also be applied to pay the principal of or interest on the bonds provided for herein.

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 \$98,800,000. 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 mitigation fees, and 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 the 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 the 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 the 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. It is hereby found and declared that the best interests of the District requires the submission to the qualified electors of the District of the proposition of whether the District shall issue the Bonds at a special election to be held on February 11, 2014. King County Elections as *ex officio* supervisor of elections in King County, Washington is hereby requested also to call and conduct the special election to be held within the District and to submit to the qualified electors of the District the proposition set forth below. The Secretary of the Board is hereby authorized and directed to certify the proposition to said officials in the following form:

PROPOSITION NO. 1

MERCER ISLAND SCHOOL DISTRICT NO. 400
GENERAL OBLIGATION BONDS - \$98,800,000

The Board of Directors of Mercer Island School District approved Resolution No. 610 concerning this proposition for bonds. This proposition authorizes the District to construct a new elementary school on district property; rebuild and modernize a portion of the middle school; and expand Mercer Island High School by adding four (4) science labs and six (6) general purpose classrooms; to issue \$98,800,000 of general obligation bonds maturing within a maximum term of 20 years; and to levy excess property taxes annually to repay the bonds, as described in Resolution No. 610. 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 King County Elections.

Section 6. Voters' Pamphlet Pursuant to authority granted by RCW 29.81A.010, the Board of Directors hereby authorizes the District's participation in the local voters' pamphlet for the February 11, 2014 election and requests that King County Elections prepare and publish a voter's pamphlet for this proposition. The District understands and agrees that it will be required to pay its proportionate share of the expenses of the voters' pamphlet.

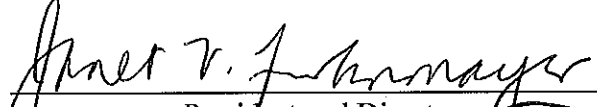
Section 7. Request for Eligibility for the Credit Enhancement Program. In preparation for the issuance and sale of the Bonds after approval by the voters, the Board of Directors hereby requests that the State Treasurer issue a certificate of eligibility in favor of the District for participation by the District in the Program with respect to the Bonds. The Superintendent 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 8. 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 9. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Board of Directors of Mercer Island School District No. 400, King County, Washington, at a regular meeting held this 26th day of September, 2013.

MERCER ISLAND SCHOOL DISTRICT
NO. 400, KING COUNTY, WASHINGTON



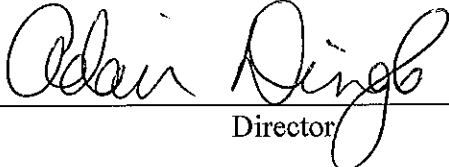
President and Director



Director



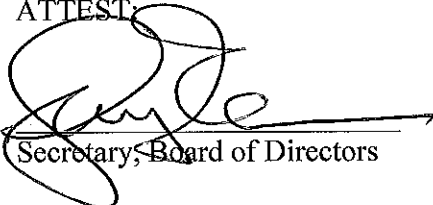
Director



Director



Director

ATTEST:


Secretary, Board of Directors

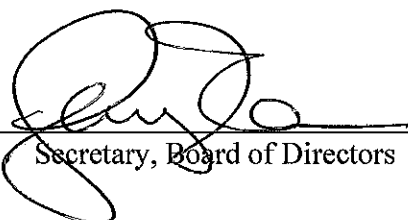
CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of Mercer Island School District No. 400, King County, 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. 610 of the Board (herein called the "Resolution"), duly adopted at a regular meeting thereof held on the 26th day of September, 2013.

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 26th day of September, 2013.


Secretary, Board of Directors

OFFICIAL BALLOT

MERCER ISLAND SCHOOL DISTRICT NO. 400,
KING COUNTY, WASHINGTON

February 11, 2014

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. 1

MERCER ISLAND SCHOOL DISTRICT NO. 400
GENERAL OBLIGATION BONDS - \$98,800,000

The Board of Directors of Mercer Island School District approved Resolution No. 610 concerning this proposition for bonds. This proposition authorizes the District to construct a new elementary school on district property; rebuild and modernize a portion of the middle school; and expand Mercer Island High School by adding four (4) science labs and six (6) general purpose classrooms; to issue \$98,800,000 of general obligation bonds maturing within a maximum term of 20 years; and to levy excess property taxes annually to repay the bonds, as described in Resolution No. 610. Should this proposition be:

APPROVED?.....

REJECTED?

NOTICE OF SPECIAL ELECTION

MERCER ISLAND SCHOOL DISTRICT NO. 400
KING COUNTY, WASHINGTON

February 11, 2014

NOTICE IS HEREBY GIVEN that on Tuesday, February 11, 2014, 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. 1

MERCER ISLAND SCHOOL DISTRICT NO. 400
GENERAL OBLIGATION BONDS - \$98,800,000

The Board of Directors of Mercer Island School District approved Resolution No. 610 concerning this proposition for bonds. This proposition authorizes the District to construct a new elementary school on district property; rebuild and modernize a portion of the middle school; and expand Mercer Island High School by adding four (4) science labs and six (6) general purpose classrooms; to issue \$98,800,000 of general obligation bonds maturing within a maximum term of 20 years; and to levy excess property taxes annually to repay the bonds, as described in Resolution No. 610. Should this proposition be:

APPROVED?.....

REJECTED?

King County Elections