PiperJaffray.
SEATTLE-NORTHWEST DIVISION

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Piper Jaffray & Co. Since 1895. Member SIPC and NYSE.

November 6, 2013

Mr. Michael Green	Ms. Stacy Brown	Mr. Mark Prussing
Superintendent	Business Manager	Senior Managing Consultant
Woodland School District No. 404	Woodland School District No. 404	Public Financial Management, Inc.

RE: Request for Proposals for Investment Banking Services

Dear Mr. Green, Ms. Brown, and Mr. Prussing,

Seattle-Northwest Securities (SNW) merged with Piper Jaffray Companies on July 12, 2013, and our new name, Piper Jaffray/Seattle-Northwest Division, reflects the result of the merger. We are excited about this transition, and believe that the District will see the benefits immediately. As SNW, our strength has resided in our bond structuring ideas and our proven ability to market and underwrite bonds in a variety of challenging market conditions. None of this has changed; we continue to offer access to a team of bankers, analysts, and sales professionals who are experts in Washington school district finance and are dedicated to providing top-notch customer service.

In particular, the Seattle-Northwest Division brings the following strengths to your financing team:

MARKET PRESENCE

Not only do we underwrite more bond issues than any other firm in the Northwest, and, specifically, more bond issues similar to what the District is planning to issue, we also specialize in the size range the District intends to issue. Since 2008, we have underwritten 234 similarly sized general obligation bonds, which is second to only one other firm nationally. Our underwriting and sales force is connected to the investors who buy your bonds, and their active daily participation in the market provides us with accurate and up-to-date knowledge of investor preferences. For you, this means superior pricing and transaction execution. SNW is the only local underwriter to have provided consistent, uninterrupted service to issuers for more than 40 years, and that level of focus and dedication continues as we combine forces with Piper Jaffray.

EXPERIENCE

We have been the leading underwriter of bonds in the Northwest for 15 years, and this breadth and depth of experience means we have the ability to help you navigate through the bond issuance process from start to finish and to respond quickly to your requests and financing timelines. Our bankers are experienced in clearly and effectively communicating financing plans to team members.

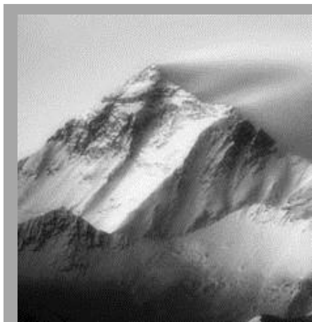
FINANCING EXPERTISE

We know the regional bond market better than any other underwriter, so we are in the best position to generate competitive interest rates for you. We will translate what is happening in the financial markets into a financing plan that meets your needs and long-term goals.

Thank you for giving us the opportunity to submit our credentials to you. Our goal is to perform as a valuable member of your financing team. We hope that, during your selection process, we are able to demonstrate our willingness and desire earn your confidence through our hard work and our responsiveness to your needs. I believe strongly in the mission of Washington public schools and want to play a role in the success of that mission. We unquestionably have the capabilities to serve as Woodland School District's bond underwriter, and we would be honored by the appointment. We look forward to answering any questions you may have.

Sincerely,

Annette R. Sommer
Vice President
Public Finance Investment Banking



Piper Jaffray & Co.,
Seattle-Northwest Division
Public Finance Investment Banking

Proposal to Provide Investment Banking Services for Woodland Public Schools

Prepared by:

Annette R. Sommer
Vice President
Seattle, WA

November 6, 2013

PiperJaffray
SEATTLE-NORTHWEST DIVISION

DESCRIPTION OF FIRM AND PROJECT TEAM

Piper Jaffray is a full service investment banking firm founded in 1895 and regionally based, with offices primarily in the Midwest, Rocky Mountain, Southwest, Eastern and Pacific Coast states. On July 12, 2013, Piper Jaffray acquired Seattle-Northwest Securities to expand its resources, strength, reputation, and specialty banking practices in the Pacific Northwest. Now known as Piper Jaffray/Seattle-Northwest Division, we are still the same group of people who have faithfully served Northwest communities by offering innovative and creative solutions to their financing requirements since 1970, and we are still committed to continuing to provide the highest quality of service as long as our communities need us. This means we will be here to serve the District now and into the future for all your financing and ongoing needs.

We continue to be the most active underwriter in the region, putting us in the best position to assist you with the bond issuance process and deliver the best possible structure and capital cost for bond authorization. The Seattle-Northwest Division banking and analytical team dedicated to local governments is without peer, staffed with bond professionals working on your behalf who are fully versed in the multiple steps required to issue bonds in Washington. We have 18 investment banking professionals in Seattle, Boise, Portland and Salt Lake covering Washington, Idaho, Oregon, and Utah. Of these 18 professionals, five bankers and three analysts support Washington school districts, a deeper team than any other firm can offer. The depth of this team means that we will be exceptionally responsive to your needs, and our level of experience with Washington issuers means that the District can be assured of clear communication regarding transaction details and mistake-free execution of the bond structuring and sale.

WASHINGTON K-12 EDUCATION NEGOTIATED LONG-TERM TRANSACTIONS

JANUARY 2005 – OCTOBER 2013

Underwriter	No. of Issues	Par Amount (US$ mil)
Piper Jaffray & Co (1)	**188**	**$3,975.3**
D A Davidson & Co	174	2,792.5
UBS Securities LLC	16	892.5
Bank of America Merrill Lynch	14	432.6
Martin Nelson & Co Inc	4	45.8
Citi	3	60.8
Wells Fargo & Co	3	64.0
KeyBanc Capital Markets	1	6.3
Capmark Securities Inc	1	24.0
Industry Total	**403**	**$8,293.7**

(1) Includes deals underwritten by both SNW and Piper Jaffray prior to the merger.

Source: Thomson Reuters

The following team has been assembled to serve the District. We are available over the next two months to provide the service the District expects, but in case of a scheduling conflict, we have four additional Washington school banking experts, two additional Washington analysts, and nine additional underwriters who could step in to maintain continuity.

Annette Sommer, Vice President, Lead Banker/Day-to-Day Contact
(206) 628-2878, *annette.r.sommer@pjc.com* — **Seattle Office**

Ms. Sommer will be the District's day-to-day contact and will be available for meetings with the District and financing team. She has over 14 years of municipal bond experience and has worked on more than 150 Washington bond issues totaling more than $3.0 billion in principal, giving her extensive expertise in the development and execution of financing plans for school districts. Her strong analytical background and business experience have proven valuable in her role as lead investment banker to many of the State's school districts. She works with small and large districts throughout the State and serves many of your neighboring districts.

Ryan Swanson, Assistant Vice President, Analytical Support
(206) 628-2852, *ryan.l.swanson@pjc.com* — **Seattle Office**

Mr. Swanson will direct the Seattle-Northwest Division's analytical team in providing the District with unique financing solutions. He has worked for SNW for 15 years and, over the years, has become an expert in Washington K-12 financings. He will provide analytical support to the financing team, including tax rate projections and pricing structuring, and can assist with document review and additional requests as needed.

Mark Lee, Senior Vice President, Underwriting Desk
(503) 275-8344, *mark.j.lee@pjc.com* — **Portland Office**

As our market-leading underwriter of Washington school bonds, Mr. Lee will provide market knowledge directed at delivering the most efficient underwriting results for the District's bonds. We will use this first-hand bond market knowledge to craft your sale plan based on current events and investor demand. Mr. Lee has decades of municipal bond financing experience; he has been the managing underwriter for 1,906 issues totaling over $31.78 billion in par amount, with transactions ranging in size from $900,000 to $900,000,000. This level of expertise, derived from being in the market on a regular basis, means he knows at any given moment what the market is looking for in a bond structure, which will translate into aggressive interest rates for the District on the pricing date.

RELEVANT EXPERIENCE

MOST EXPERIENCED UNDERWRITERS IN THE NORTHWEST

Our position as the leading underwriter of Washington debt gives us a level of market knowledge that is without peer. Because we are in the market weekly, we understand what is moving the market, what investors want, and what marketing approach is best for a specific bond sale. In addition, this experience allows us to adjust to market conditions as needed to find creative solutions when needed to make sure you reach your financing goals, as illustrated by the following case study.

On August 20, 2013, we entered the market to price limited tax general obligation (LTGO) bonds in the estimated amounts of $8,190,000 2013A AMT Bonds and $12,950,000 2013B Tax-Exempt Bonds for the Port of Olympia, which is rated Aa3. The national non-bank qualified (non-BQ) market at that time had experienced a significant pullback with regard to limited tax general obligation bonds because of several municipal defaults and bankruptcies, and investors questioned whether this type of security would be paid before or after an issuer's pension obligations. During the order period, we found significant demand for the AMT bonds, which appealed to investors seeking higher yields. However, we were not able to find any investors for the non-BQ bonds at yields that we considered reasonable.

We discussed many options with the Port, including increasing yields or delaying the bond sale into September, as it didn't need the proceeds right away. The financing team developed the idea of reducing the par amount of the bonds so they could be sold as BQ. The BQ market is much less sensitive to the LTGO security and was actively purchasing bonds at the time. We sold the BQ bonds a few days later to give us time to market the bonds to a new audience. In the end, we were able to sell the Port's bonds six days later at yields that were 42 basis points less than the rates we had anticipated for a non-BQ sale.

PROVEN ABILITY TO PLACE BONDS

As the region's market leader, we utilize our net capital position to support pricing levels by purchasing unsold bond balances. By strategically "taking down" bonds during an underwriting, even without offsetting orders, we shift the risk of changing interest rates from our clients to our professional bond traders. Based on Piper's Excess Net Capital of more than $177 million as of December 31, 2012, we have $2.5 billion of legal underwriting capacity, well in excess of the District's financing plans, and more importantly, it means we can handle a large volume of underwritings at a time without having to limit ourselves or cut back on any transactions. Historically, for transactions similar to the size the District is considering, Piper has often inventoried anywhere from 10% to 20% of the bonds it sells in order to ensure the best pricing for clients. In a volatile market, such as the one we are currently experiencing, having an underwriter that is able and willing to take down unsold balances can be very beneficial to the issuer.

UNDERWRITING, MARKETING, AND SECONDARY MARKET TRADING SUPPORT

Our underwriting rankings underscore the fact that our bankers, underwriters, and sales people are extremely active in placing K-12 general obligation bonds into the hands of investors. Our history as a leader in underwriting school district bonds in Washington stems from our deep, long-term relationships with a broad range of institutional investors, which are now bolstered by the addition of Piper Jaffray's municipal trading and sales platform. These relationships cover many large national institutional accounts such as casualty insurers and bond funds, but equally important are our marketing relationships with smaller, regional institutional accounts and professional money managers, which are often not covered by our competitors and which tend to be strong buyers of the type of credit the District is issuing.

Of particular note to the District: our merger with Piper expands our previous bank-qualified distribution even further and could result in increased benefit for the District. While the District's current plan is to issue roughly $27 million in bonds, if, as part of its overall financing plan, the District proceeds with a voted bond that is less than $10 million in size, we will be able to designate these bonds as "bank-qualified." This designation costs the District nothing and, based on current market conditions, would lower interest rates for the District. This structuring option is discussed in further detail in the next section, under "Additional Structuring Ideas." As a result of our merger with Piper Jaffray, the District will have access to a dedicated bank-qualified desk that will expand distribution to the Midwest, where local banks are most prevalent, in addition to the Washington community banks that traditionally buy Washington bonds. This is a huge benefit to the District in terms of securing the most favorable bank-qualified interest rates.

In addition to playing a major role in the primary market for Washington bond issuers, we are a very active participant in the secondary market for Washington bonds. Since assets lose value when they can't easily be sold, creating secondary market liquidity is a critical function for our institutional and retail investor clients. Our ability to buy bonds in the secondary market at a fair price helps to form strong relationships with institutional investors, which are valuable when we underwrite in the primary market.

INTEREST RATE EXPECTATIONS

MARKET UPDATE

Municipal interest rates have declined over the last couple of weeks, which is great news for the District's financing. The bond market continues to experience extreme volatility, with interest rates moving in either direction within a short time frame. The market reacted strongly to the Fed's announcement earlier this year that it would consider tapering if economic news continued on its favorable path, increasing interest rates by more than 1.00% within a few short weeks. And while Congress was able to temporarily delay the debt ceiling debate, the issue will be revisited sometime next year, which does not help reduce the market volatility. All in all, the bond market continues to be an unusual place, with issuers needing to be flexible and agile in their financing plans. Right now, municipal interest rates are benefiting from the recent push back on tapering and the temporary fix on the debt ceiling discussions. Because our underwriting desk participates in the bond market with new underwritings several times a week, dealing with the market's fluctuations as we put our capital at risk, our professionals have more up-to-the-minute knowledge of and experience with pricing Washington bond issues than any of our competitors.

INVESTOR DISCUSSION

The front end of the curve (*e.g.*, within five years) has seen the most demand from investors since the rally in the Treasury market in early September. Outside of five years finding buyers can be more challenging. Many investors are staying short with their investments because of the volatility in the market. Retail is spooked by pension liabilities and the burden on municipalities, with the bankruptcy declared by the City of Detroit and threats of Federal stimulus tapering. Inside of ten-year maturities, we'd expect to see participation in the District's bond sale from local municipalities (*e.g.*, cities and counties), trusts, separately managed accounts, money managers, and possibly some retail. However, we are starting to see a decline in participation from local municipalities, since they are also receiving less in interest earnings for reinvestment.

Beyond ten years, we are seeing active participation from some money managers, trust departments, bond funds, insurance companies, and crossover buyers such as hedge funds. Insurance companies generally will also stay out longer, but they have different investment parameters, so they can be more hit or miss on credits. For instance, some insurers will have credit rating thresholds or limits on the amount of bonds they can own for an individual issuer, and/or will require specific demographic criteria (*e.g.*, minimum fund balances, required wealth levels, ratings by more than one agency). There are still general outflows from bond funds, but they are at more manageable levels than in the past.

For bank-qualified bonds, there is still quite a bit of investor demand. We are seeing the largest reduction in interest rates up through the 2028 maturity range, since most BQ buyers are focusing on the ten- to 15-year range versus the 20- to 30-year range. Out longer on the yield curve, there may still be some benefit, but it is less consistent and predictable. The callable maturities would also benefit from investor flexibility with the couponing structure. For instance, with bank-qualified bonds, we can often use a 4.00% coupon in the callable range, versus the 5.00% coupon that is more common with a non-BQ structure. This reduction in couponing can help reduce the District's overall borrowing cost.

ADDITIONAL STRUCTURING IDEAS

As previously alluded to, the District may also want to consider downsizing part of the remaining authorization to sell a bank-qualified issue before the end of calendar year 2013 and follow with an issue for the balance in early 2014. If this approach were taken, we would recommend structuring the BQ issue in 2013 to concentrate principal in the years with the most benefit. By utilizing a BQ issue, we are estimating interest cost savings to be roughly $2.5 million, compared to selling the entire remaining authorization "today" as non-BQ.

PRICING SCHEDULE

Currently, we would be able to accommodate pricing the District's bonds any time the week of November 18th. As of the date of this proposal, there do not appear to be any other similarly sized credits or large transactions scheduled for this week that would conflict with the District's plans. That week does include several economic information releases that traditionally have impacted the market (*e.g.*, CPI, Home Sales, FOMC minutes and Jobless Claims), but more recently, they have had less of an effect. We do not anticipate this week to be significantly impacted by the following shortened holiday week.

We will work with the District if market conditions require or if the District elects to select a different pricing date than what is stated in the RFP. We have a total of ten underwriters available who could be utilized to assist if needed.

REFUNDING OPPORTUNITIES

We reviewed the District's outstanding bonds to check for refunding opportunities. A portion of the District's 2005 bonds are callable on 12/1/15 at par. Based on current bank-qualified interest rates, we are estimating total debt service savings to be approximately $130,000 (after estimated costs are paid), Net Present Value savings to be $115,000 (after estimated costs are paid), and Percentage Savings of Refunded (Old) Bonds to be 4.35%. Negative arbitrage is roughly $102,000 in the refunding escrow.

The District may want to discuss an appropriate minimum savings threshold in order to move forward as either a stand-alone refunding at a different time or combined with all or a portion of the remaining authorization.

INTEREST RATE COMPARABLES

The information below provides our suggestions for what we believe would be appropriate coupons, yields, spreads to the MMD, and takedowns for the proposed maturity structure as of November 5, 2013.

Maturity Date	Principal	Coupon	Yield	11/5/13 MMD	Spread to MMD	Takedown ($/$1,000)
12/1/2017	615,000	4.00	0.89	0.77	0.12	1.25
12/1/2018	210,000	4.00	1.20	1.06	0.14	1.25
12/1/2019	305,000	4.00	1.60	1.44	0.16	2.50
12/1/2020	410,000	4.00	1.98	1.78	0.20	2.50
12/1/2021	530,000	4.00	2.31	2.09	0.22	2.50
12/1/2022	655,000	4.00	2.52	2.28	0.24	2.75
12/1/2023	785,000	4.00	2.72	2.46	0.26	3.50
12/1/2024	825,000	4.00	2.92	2.62	0.34	3.50
12/1/2025	910,000	5.00	3.15	2.78	0.37	3.50
12/1/2026	1,005,000	5.00	3.31	2.94	0.37	3.50
12/1/2027	1,105,000	5.00	3.46	3.09	0.37	3.50
12/1/2028	735,000	5.00	3.61	3.24	0.37	3.50
12/1/2029	825,000	5.00	3.74	3.37	0.37	3.50
12/1/2030	925,000	5.00	3.86	3.49	0.37	3.50
12/1/2031	940,000	5.00	3.95	3.58	0.37	3.50
12/1/2032	965,000	5.00	4.04	3.67	0.37	3.50
12/1/2033	1,105,000	5.00	4.10	3.73	0.37	3.50
12/1/2034	1,160,000	5.00	4.16	3.79	0.37	3.50
12/1/2035	1,230,000	5.00	4.22	3.85	0.37	3.50
12/1/2036	2,325,000	5.00	4.27	3.90	0.37	3.50
12/1/2037	4,350,000	5.00	4.31	3.94	0.37	3.50
12/1/2038	4,715,000	5.00	4.34	3.97	0.37	3.50

This proposed scale was derived from the following comparable transactions: $50 million Shoreline School District #412, Aa1 (Aa2)/AA+ (AA-), priced by Piper Jaffray on 10/30/13, and $34 million Snohomish County School District No. 2 (Everett) Refunding, Aa1 (Aa2)/AA+ (AA), priced by DA Davidson on 10/15/13. We feel this would be an appropriate pricing for the District's bonds because each transaction represents a Washington school district, voter-approved GO debt, priced within a close time frame of the scale preparation for Woodland School District, and similar underlying ratings. If you would like additional comparative information or would like to see the pricing details of the above listed transactions, we would be happy to provide them.

FEE PROPOSAL

We believe a total gross spread of $3.50/$1,000 will provide fair compensation for our firm to serve as sole senior manager. As the manager of a negotiated underwriting, the Seattle-Northwest Division is compensated entirely from the underwriting spread. The District would make no payment to us nor enter into any financial obligation prior to the completion of the bond sale.

In the tables shown below, we have displayed underwriter spreads from comparable transactions (computed in dollars per thousand of par amount), Woodland's underwriting discount history, and a spread breakdown (including anticipated detailed expenses).

WOODLAND FEE PROPOSAL

PAR AMOUNT	PROPOSED UW DISCOUNT	PROPOSED UW DISCOUNT	
$26,835,000	$0.00	$0	Management
	$0.00	$0	Underwriting
	$0.13	$3,561	Expenses
	$3.37	$90,434	Takedown
	$3.50	**$93,995**	**Total**

EXPENSE BREAKDOWN			
Par Amount		**Proposed Fee**	**$/$1,000**
$26,835,000	DTC	$500	$0.02
	Cusip	$613	$0.02
	IPREO	$1,776	$0.07
	Day Loan	$671	$0.03
	Total	**$3,560**	**$0.13**

The tables below are provided for comparison purposes and demonstrate the competitiveness of our fee.

WOODLAND SCHOOL DISTRICT
$26,835,000 UTGO BONDS, 2013
COMPARABLE TRANSACTIONS PAR $20M TO $30M
NEGOTIATED TRANSACTIONS ONLY

Dated Date	School District	Par	Underwriter's Discount
11/20/2013	Shoreline	$50,035,000	$3.50
5/22/2013	Issaquah	$21,170,000	$4.25
2/13/2013	Oak Harbor	$22,875,000	$5.00
9/5/2012	Camas	$21,970,000	$4.00
7/11/2012	Lake Washington	$23,025,000	$4.20
5/10/2012	Selah	$29,670,000	$2.70
3/28/2012	University Place	$22,505,000	$3.27
3/27/2012	Northshore	$24,495,000	$4.50
3/6/2012	Pasco	$22,510,000	$5.00
9/14/2011	Peninsula	$21,525,000	$5.00
5/12/2011	Vashon Island	$24,000,000	$5.25
9/24/2010	Northshore	$30,000,000	$6.25
4/7/2010	Issaquah	$29,870,000	$6.35
2/16/2010	Wenatchee	$21,650,000	$4.00
9/30/2009	Everett	$23,715,000	$6.35
6/2/2009	Snoqualmie Valley	$27,480,000	$4.27
5/7/2009	Issaquah	$30,000,000	$4.95
		Avg	**$4.64**
		Weighted Avg	**$4.74**

WOODLAND'S UNDERWRITER'S DISCOUNT HISTORY

Dated Date	Series	Par	Underwriter's Discount
8/15/2012	UTGO Bonds, 2012	$26,000,000	$15.40
3/6/2012	UTGO Ref. Bonds, 2012	$3,055,000	$5.75
11/15/2005	UTGO Bonds, 2005	$3,750,000	$7.56
9/1/2003	UTGO Ref. Bonds, 2003	$6,505,000	$7.25
5/15/2002	UTGO Ref. Bonds, 2002	$5,185,000	$8.75
12/1/1996	UTGO Bonds, 1996	$6,885,000	$6.75
6/1/1992	UTGO Bonds, 1992	$6,390,000	$13.02
12/1/1991	UTGO Bonds, 1991	$4,500,000	$13.00
		Avg	**$9.69**
		Weighted Avg	**$11.68**

There will be no other fees or financial obligations due to us from the sale of the District's bonds other than what is listed in this RFP response. The District will be responsible for fees charged by the financial advisor, bond counsel, credit rating agency, bond insurance (if used), printing and mailing of the official statement and the Washington State school bond guarantee program.

We are open to negotiating the proposed $3.50/$1,000 fee. We strategically placed the largest component of the spread in the takedown, which is essentially the sales commission, to focus our resources on finding the District the most attractive borrowing cost. We believe that your direct experience working with our team gives you a clear indication of the dedication and expertise that we bring to the table.

We are proud of our commitment to transparency and we will share market-based comparable transactions to assist in the negotiation of future fees.

We will not require underwriter's counsel for this transaction.

CONCLUSION

We are excited by the opportunity to serve Woodland School District and very much appreciate your willingness to consider our proposal. If you need additional information, please do not hesitate to contact us at your convenience.

We are writing to provide you with certain regulatory disclosures as required by the Municipal Securities Rulemaking Board. As part of our services, Piper Jaffray may provide advice concerning the structure, timing, terms, and other similar matters concerning an issue of municipal securities that Piper Jaffray is underwriting or placing. However, Piper Jaffray intends to serve as an underwriter and not as a financial advisor to you in this transaction; and the primary role of Piper Jaffray is to purchase securities for resale to investors or arrange for the placement of securities in an arm's-length commercial transaction between you and Piper Jaffray. Piper Jaffray has financial and other interests that differ from your interests.