

CITY OF EDMONDS, WASHINGTON

ORDINANCE NO. 3956

AN ORDINANCE of the City of Edmonds, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of an unlimited tax general obligation bond to carry out a current refunding of the City's outstanding Unlimited Tax General Obligation Refunding Bonds, 2003, and to pay the costs of issuance and sale of the bond; fixing certain terms and covenants of the bond; and providing for other related matters.

Passed January 21, 2014

This document prepared by:

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**The cover page, table of contents and section headings of this ordinance are for convenience of reference only, and shall not be used to resolve any question of interpretation of this ordinance.*

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THE CITY COUNCIL OF THE CITY OF EDMONDS, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following capitalized terms shall have the following meanings:

(a) "2003 Bond Ordinance" means Ordinance No. 3460 of the City, passed on July 3, 2003, authorizing the issuance of the 2003 Bonds.

(b) "2003 Bonds" means the Unlimited Tax General Obligation Refunding Bonds, 2003.

(c) "Acquired Obligations" means those United States Treasury Certificates of Indebtedness, Notes, and Bonds--State and Local Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding of the Refunded Bonds as authorized by this resolution.

(d) "Bank" means Cashmere Valley Bank of Cashmere, Washington, or its successor or assignee.

(e) "Bond" means the bond issued pursuant to this ordinance.

(f) "Bond Counsel" means Foster Pepper PLLC, its successor, or any other attorney or firm of attorneys selected by the City to serve as bond counsel.

(g) "Bond Fund" means the Unlimited Tax General Obligation Bond Fund of the City created for the payment of the principal of and interest on the Bond.

(h) "Bond Register" means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of the Bond.

(i) "Bond Registrar" means the Finance Director or any successor bond registrar selected by the City.

(j) "Business Day" means any day that is not a Saturday, a Sunday or a day on which commercial banks located in the State are closed for business.

(k) “City” means the City of Edmonds, Washington, a municipal corporation duly organized and existing under the laws of the State.

(l) “City Council” means the legislative authority of the City, as duly and regularly constituted from time to time.

(m) “Code” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(n) “Finance Director” means the Finance Director or such other officer of the City who succeeds to substantially all of the responsibilities of that office.

(o) “Government Obligations” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(p) “Issue Date” means the date of initial issuance and delivery of the Bond to the Bank in exchange for the purchase price of the Bond.

(q) “Maturity Date” means December 1, 2016.

(r) “Purchase Offer” means the letter dated January 21, 2014, setting forth certain terms and conditions of the issuance, sale and delivery of the Bond.

(s) “Record Date” means the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of the Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends a notice of prepayment in accordance with Section 9.

(t) “Redemption Date” means the date selected by the Finance Director that is not less than 30 nor more than 60 days after the Issue Date, for the payment and redemption of the Refunded Bonds.

(u) “Refunded Bonds” means the outstanding 2003 Bonds maturing on December 1 in the years 2014 through 2016, inclusive, to be refunded with the proceeds of the Bonds.

(v) “Refunding Account” means that special account of the City established within the Bond Fund for the Refunded Bonds to hold Bond proceeds prior to the Redemption Date.

(w) “Refunding Plan” means (i) the irrevocable deposit by the City of the Bond proceeds into a special account within the Bond Fund, to be held by the City uninvested until the Redemption Date; (ii) the call, payment, and redemption of the Refunded Bonds on the Redemption Date at a price equal to the outstanding principal amount of the Refunded Bonds, plus accrued interest to the Redemption Date; and (iii) the payment of the costs of issuing the Bond.

(x) “Registered Owner” means the person in whose name the Bond is registered on the Bond Register.

(y) “*State*” means the State of Washington.

(z) “*System of Registration*” means the system of registration for the City’s bonds and other obligations set forth in Ordinance No. 2451 of the City.

Section 2. Findings and Determinations. The City takes note of the following facts and makes the following findings and determinations:

(a) *Issuance of 2003 Bonds*. By the 2003 Bond Ordinance, the City issued \$7,000,000 aggregate principal amount of 2003 Bonds to carry out an advance refunding of the City’s Unlimited Tax General Obligation Bonds, 1996, of which \$2,720,000 principal amount remains outstanding.

(b) *Refunding of Refunded Bonds*. The City Council finds and determines that the issuance and sale of the Bond at this time will effect a savings to the City and is in the best interest of the City and its taxpayers and in the public interest. In making such finding and determination, the City Council has given consideration to the fixed maturities of the Bond and the Refunded Bonds, the costs of issuance of the Bond and the known earned income (if any) from the investment of the proceeds of the issuance and sale of the Bond pending payment and redemption of the Refunded Bonds. The City Council further finds and determines that the money to be deposited into the Refunding Account for the Refunded Bonds in accordance with Section 8 of this ordinance will discharge and satisfy the obligations of the City under the 2003 Bond Ordinance with respect to the Refunded Bonds, and the pledges, charges, trusts, covenants, and agreements of the City therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under such ordinance immediately upon the deposit of such money in the Refunding Account. The City Council therefore deems it to be in the best interests of the City to issue and sell the Bond carrying out the Refunding Plan.

(c) *Bond Sale*. For the purpose of providing the funds necessary to carry out the Refunding Plan, the City Council finds that it is in the best interests of the City and its taxpayers to issue and sell the Bond to the Bank, pursuant to the terms set forth in the Purchase Offer consistent with this ordinance.

Section 3. Authorization and Description of Bond. The City shall borrow money on the credit of the City and issue a negotiable unlimited tax general obligation bond in the principal amount of not to exceed \$2,765,000 to provide funds necessary to carry out the Refunding Plan. The Bond shall be dated the Issue Date, shall be issued in fully registered form and shall be numbered R-1. Interest on the Bond shall accrue as set forth below and is payable on each June 1 and December 1, commencing June 1, 2014. Principal of the Bond is payable on each December 1, commencing December 1, 2014. A debt service schedule describing the installments of principal and interest on the Bond will be attached to the Bond as Exhibit A. The final installment payment of principal of and interest on the Bond, whether on the Maturity Date or upon prepayment in accordance with Section 9, shall be in an amount equal to the remaining principal and interest due on the Bond.

From the Issue Date, through and including November 30, 2015, the unpaid principal amount of the Bond will bear interest at a fixed rate of 1.00% per annum. Commencing on

December 1, 2015, through and including the Maturity Date, the unpaid principal amount of the Bond will bear interest at a fixed rate of 1.75% per annum. Interest on the Bond shall be calculated based on a 360-day year consisting of twelve 30-day months.

Section 4. Bond Registrar; Registration and Transfer of Bond.

(a) *Registration of Bond.* The Bond shall be issued only in registered form as to both principal and interest and the ownership of the Bond shall be recorded on the Bond Register.

(b) *Bond Registrar; Duties.* The Finance Director shall serve as Bond Registrar for the Bond. The Bond shall be issued only in registered form as to both principal and interest. The Bond Register shall contain the name and mailing address of the Registered Owner. When the Bond has been paid in full, both principal and interest, the Bond shall be surrendered by the Registered Owner to the Bond Registrar, who shall cancel the Bond.

(c) *Transfer and Exchange.* The Bond may be assigned or transferred only (i) in whole to a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, (ii) if endorsed in a manner acceptable to and surrendered to the Bond Registrar and (iii) upon the assignee or transferee acknowledging in writing to the City that such assignee or transferee has received information regarding the City and the Bond sufficient to comply with the requirements of Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended.

(d) *Bond Register.* The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bond, which shall be open to inspection by the City at all times. The Bond Registrar shall serve as the City’s authenticating agent, registrar and paying agent for the Bond and shall comply fully with all applicable federal and state laws and regulations respecting the carrying out of those duties. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond should it be transferred or exchanged in accordance with the provisions of the Bond and this ordinance, to serve as the City’s paying agent for the Bond and to carry out all of the Bond Registrar’s powers and duties under this ordinance and the System of Registration.

Section 5. Form and Execution of Bond.

(a) *Form of Bond; Signatures and Seal.* The Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. The Bond shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on the Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the City, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. The Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) *Authentication.* Only if the Bond bears a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall it be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate Of Authentication. This Bond is the fully registered City of Edmonds, Washington, Unlimited Tax General Obligation Refunding Bond, 2014." The authorized signing of the Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 6. Payment of Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Principal of and interest on the Bond is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The Bond is not subject to acceleration under any circumstances.

Section 7. Bond Fund. The Bond Fund is a special fund of the City for the sole purpose of paying principal of and interest on the Bond and other unlimited tax general obligation bonds of the City. All amounts allocated to the payment of the principal of and interest on the Bond shall be deposited in the Bond Fund as necessary for the timely payment of amounts due with respect to the Bond. The principal of and interest on the Bond shall be paid out of the Bond Fund. Until needed for that purpose, the City may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund and used for the purposes of that fund.

Section 8. Use of Bond Proceeds; Call for Redemption of the Refunded Bonds.

(a) *Use of Bond Proceeds for Refunding Plan.* The Refunding Account is hereby created and established as a special, segregated account or fund. The proceeds from the sale of the Bond shall be deposited in the Refunding Account immediately upon receipt thereof and held irrevocably in trust, and used to discharge the obligations of the City relating to the Refunded Bonds in accordance with the 2003 Ordinance. In the event any bond proceeds remain in the Refunding Account after the Refunding Plan has been accomplished, such proceeds shall be deposited into the Bond Fund and used to pay interest on the Bond on the next interest payment date.

(b) *Call for Redemption of the Refunded Bonds.* The City calls for redemption all of the Refunded Bonds on the Redemption Date, at a price equal to the outstanding principal amount of the Refunded Bonds plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Bond to the Purchaser. The date on which the Refunded Bonds are herein called for redemption is the first date after the Issue Date on which it is practicable to redeem the Refunded Bonds. The Finance Director is authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to the 2003 Bond Ordinance in order to effect the redemption of the Refunded Bonds prior to their stated maturity date.

Section 9. Prepayment of Bond. The City reserves the right and option to prepay the Bond, in whole or in part on any date, with no prepayment penalty, provided that the City gives

the Registered Owner 15 days advance written notice of any prepayment. Notice of prepayment may be rescinded by the City at any time prior to the prepayment date. Any prepayments shall be applied first to accrued and unpaid interest and then applied to reduce the outstanding principal amount of the Bond. After any partial prepayment, the remaining payments shall be recalculated to reflect a reduction in the required payment amounts unless the City requests in writing that the Maturity Date be adjusted to reflect an earlier date, in which case the revised payment schedule shall be as mutually agreed upon, in writing, by the City and the Registered Owner. Within seven Business Days after any partial prepayment, the Registered Owner shall provide to the City and the Bond Registrar a revised payment schedule. The rates of interest shall remain unchanged.

Section 10. Failure To Pay Bond. If the principal of the Bond is not paid when the Bond is properly presented at its Maturity Date, installment payment date or date fixed for prepayment, the City shall be obligated to pay interest on the Bond at the same rate provided in the Bond from and after its Maturity Date, installment payment date or date fixed for prepayment until the Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 11. Pledge of Taxes. The Bond constitutes a general indebtedness of the City and is payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for the payment of principal of, redemption premium, if any, and interest on the Bond. For as long as the Bond is outstanding, the City irrevocably pledges that it shall, in the manner provided by law without limitation as to rate or amount, include in its annual levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bond as the same becomes due. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Bond and such pledge shall be enforceable in mandamus against the City.

Section 12. Tax Covenants.

(a) *Preservation of Tax Exemption for Interest on Bond*. The City covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the City treated as proceeds of the Bond that will cause interest on the Bond to be included in gross income for federal income tax purposes.

(b) *Post-Issuance Compliance*. The Finance Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bond from being included in gross income for federal tax purposes.

(c) *Designation of Bond as a "Qualified Tax-Exempt Obligation"*. The City deems the Bond designated as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code, and makes the following findings and determinations:

(1) the Bond is not a “private activity bond” within the meaning of Section 141 of the Code;

(2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) which the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Bond is issued will not exceed \$10,000,000; and

(3) the amount of tax-exempt obligations, including the Bond, designated by the City as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued does not exceed \$10,000,000.

Section 13. Sale and Delivery of the Bond.

(a) *Approval of Purchase Offer; Delivery of Bond.* The Bank has submitted a proposal to purchase the Bond from the City under the terms and conditions of the Purchase Offer, which by this reference is hereby incorporated herein. The City Council finds that accepting the Purchase Offer is in the City’s best interest and therefore authorizes and directs the Finance Director to accept the Purchase Offer on behalf of the City. The City will be responsible for all costs of issuance of the Bond. At the discretion of the Finance Director, the amount of Bond Counsel’s fee and other costs of issuance may be withheld from the Bond proceeds and paid directly by the Bank on behalf of the City on the Issue Date.

(b) *Preparation, Execution and Delivery of the Bond.* The Bond will be prepared at the expense of the City and will be delivered to the Bank in accordance with the Purchase Offer, together with the approving legal opinion of Bond Counsel regarding the Bond.

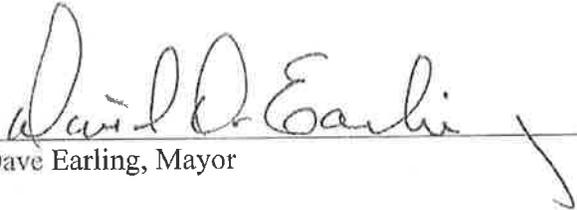
Section 14. General Authorization and Ratification. The Finance Director and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of the Bond to the Bank and for the proper application, use and investment of the proceeds of the Bond. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 15. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending

provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 16. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

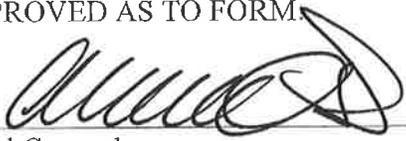
PASSED BY THE CITY COUNCIL OF THE CITY OF EDMONDS, WASHINGTON, at an open public meeting thereof, this 21st day of January, 2014, and signed in authentication of its passage this 21st day of January, 2014.


Dave Earling, Mayor

ATTEST:


Scott Passey
City Clerk

APPROVED AS TO FORM:


Bond Counsel

CERTIFICATION

I, the undersigned, City Clerk of the City of Edmonds, Washington (the "City"), hereby certify as follows:

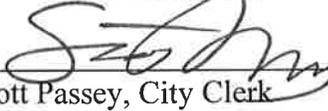
1. The attached copy of Ordinance No. 3956 (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on January 21, 2014, as that ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City's official newspaper, which publication date will be January 26, 2014.

3. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: January 21, 2014.

CITY OF EDMONDS, WASHINGTON



Scott Passey, City Clerk

Everett Daily Herald

Affidavit of Publication

STATE OF WASHINGTON }
COUNTY OF SNOHOMISH } ss

The undersigned, being first duly sworn on oath deposes and says that she is Principal Clerk of THE HERALD, a daily newspaper printed and published in the City of Everett, County of Snohomish, and State of Washington; that said newspaper is a newspaper of general circulation in said County and State; that said newspaper has been approved as a legal newspaper by order of the Superior Court of Snohomish County and that the notice is a true copy of City Ordinances - Ordinance Summaries 3955-3959 540131

a printed copy of which is hereunto attached, was published in said newspaper proper and not in supplement form, in the regular and entire edition of said paper on the following days and times, namely:

1 issue(s), such publication commencing on 01/26/2014 and ending on 01/26/2014 and that said newspaper was regularly distributed to its subscribers during all of said period.

The amount of the fee for such publication is \$ 79.12

Karen E. Zoman

Subscribed and sworn before me on this 26TH day of JANUARY, 2014.

Jaurag Damron

Notary Public in and for the State of Washington, residing at Everett, Snohomish County.

City of Edmonds EDH101416 - PO: ORD 3955-3959

ORDERED BY: LINDA HYND

ORDINANCE SUMMARIES
of the City of Edmonds, Washington

On the 21st Day of January, 2014, the City Council of the City of Edmonds, Washington, passed the following Ordinances. The summaries consisting of titles are provided as follows:

ORDINANCE NO. 3955
AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, AMENDING EDMONDS COMMUNITY DEVELOPMENT CODE SECTION 16.43.020 RELATING TO LIMITING CERTAIN OFFICE USES FROM LOCATING IN BUSINESS SPACES ALONG DESIGNATED GROUND FLOOR STREET FRONTAGES WITHIN THE DOWNTOWN BUSINESS 1 (BD1 - DOWNTOWN RETAIL CORE) ZONE.

ORDINANCE NO. 3956
AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, RELATING TO CONTRACTING INDEBTEDNESS; PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF AN UNLIMITED TAX GENERAL OBLIGATION BOND TO CARRY OUT A CURRENT REFUNDING OF THE CITY'S OUTSTANDING UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2003, AND TO PAY THE COSTS OF ISSUANCE AND SALE OF THE BOND; FIXING CERTAIN TERMS AND COVENANTS OF THE BOND; AND PROVIDING FOR OTHER RELATED MATTERS.

ORDINANCE NO. 3957
AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, AMENDING CERTAIN DOG LICENSING FEE PROVISIONS OF ECC 5.05; PROVIDING FOR SEVERABILITY; AND SETTING AN EFFECTIVE DATE.

ORDINANCE NO. 3958
AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, AMENDING ECC 8.52 TO REVISE CERTAIN PROVISIONS OF THAT CODE SECTION RELATING TO PARKING PERMIT FEES; PROVIDING FOR SEVERABILITY; AND SETTING AN EFFECTIVE DATE.

ORDINANCE NO. 3959
AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, AMENDING CHAPTER 2.10 OF THE EDMONDS CITY CODE RELATING TO CONFIRMATION OF CERTAIN MAYORAL APPOINTMENTS AND PORTIONS OF CHAPTER 2.01 AND 2.03 OF THE EDMONDS CITY CODE RELATED TO THE EXECUTIVE ASSISTANTS TO THE CITY COUNCIL AND MAYOR

The full text of any Ordinance will be mailed upon request. Dated this 22ND Day of January, 2014.

CITY CLERK, SCOTT PASSEY
Published: January 26, 2014.