

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$19,500,000 TO REFUND CERTAIN OUTSTANDING LIMITED TAX GENERAL OBLIGATIONS OF THE CITY, AND TO FINANCE COSTS OF ISSUANCE OF THE BONDS; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE OF THE BONDS; AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS.

WHEREAS, the City of Redmond, Washington (the "City") has outstanding its Limited Tax General Obligation Refunding Bonds, 2013 (the "2013 Bonds"), issued on September 12, 2013 pursuant to Ordinance No. 2699 passed by the City Council (the "Council") on July 16, 2013 (the "2013 Bond Ordinance"), which remain outstanding in the aggregate principal amount of \$20,165,000; and

WHEREAS, the 2013 Bond Ordinance provides that the City may call the 2013 Bonds maturing on or after December 1, 2024 (the "Refunding Candidates") for redemption on or after December 1, 2023, in whole or in part on any date, at a price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, after due consideration it appears to the Council that all or a portion of the Refunding Candidates (the "Refunded Bonds") may be defeased and refunded by proceeds of limited tax

general obligation bonds at a savings to the City and its taxpayers; and

WHEREAS, the Council deems it in the best interest of the City to issue one or more series of limited tax general obligation bonds pursuant to the terms of this ordinance to redeem and defease the Refunded Bonds, and to pay costs of issuing the bonds; and

WHEREAS, the Council wishes to delegate authority to the Finance Director and the Mayor (each, a "Designated Representative"), for a limited time, to approve the interest rates, maturity dates, redemption terms and principal maturities for each series of the bonds within the parameters set by this ordinance; and

WHEREAS, the City expects to receive a proposal from Piper Sandler & Co. (the "Underwriter") and now desires to issue and sell the bonds to the Underwriter as set forth herein;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, DOES ORDAIN as follows:

Section 1. Definitions.

Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this ordinance, have the following meanings, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

Acquired Obligations means the Government Obligations acquired by the City under the terms of this ordinance and the Escrow Agreement to effect the defeasance and refunding of the Refunded Bonds, but only to the extent that the same are acquired at Fair Market Value.

Beneficial Owner means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Bond Account means the "City of Redmond, Washington, General Obligation 2021 Bond Account" and the subaccounts therein authorized to be created pursuant to Section 9 of this ordinance.

Bond Counsel means Pacifica Law Group LLP, or an attorney at law or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax exempt nature of interest on bonds issued by states and their political subdivisions.

Bond Purchase Contract means the contract for the purchase of the Bonds between the Underwriter and the City, executed pursuant to Section 11 of this ordinance.

Bond Register means the registration books showing the name, address and tax identification number of each Registered Owner of the Bonds, maintained pursuant to Section 149(a) of the Code.

Bond Registrar means, initially, the fiscal agent of the State of Washington, for the purposes of registering and authenticating each series of Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

Bonds mean the City's Limited Tax General Obligation Refunding Bonds, 2021, authorized to be issued pursuant to this ordinance.

Call Date means the date or dates selected by the City and set forth in the Escrow Agreement for redemption of the Refunded Bonds.

City means the City of Redmond, Washington, a municipal corporation duly organized and existing by virtue of the laws of the State of Washington.

City Attorney means the duly appointed and acting City Attorney of the City, including anyone acting in such capacity for the position, or the successor to the duties of that office.

City Clerk means the duly appointed and acting City Clerk of the City or the successor to the duties of that office.

Closing means the date of delivery of a series of Bonds to the Underwriter.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise

referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Commission means the United States Securities and Exchange Commission.

Continuing Disclosure Certificate means one or more written undertakings for the benefit of the owners and Beneficial Owners of the Bonds as required by Section (b) (5) of the Rule.

Council or **City Council** means the legislative body of the City as duly and regularly constituted from time to time.

Designated Representatives mean the Mayor or Finance Director, or such officer's designee. The signature of one Designated Representative shall be sufficient to bind the City.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 3 of this ordinance.

Escrow Agent means the trust company or state or national bank having powers of a trust company selected by the City to serve as escrow agent pursuant to Section 7 of this ordinance

Escrow Agreement means the Escrow Deposit Agreement between the City and the Escrow Agent to be dated as of the date of Closing of a series of Bonds.

Fair Market Value means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation § 1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

Federal Tax Certificate means the certificate executed by a Designated Representative setting forth the requirements of the Code for maintaining the tax status of the applicable Tax-Advantaged Bonds or Tax-Exempt Bonds, and attachments thereto.

Finance Director means the duly appointed Finance Director of the City or the officer of the City authorized to succeed to the duties of such office.

Government Obligations mean those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct

obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, as such chapter may be hereafter amended or restated.

Letter of Representations means the blanket issuer letter of representations from the City to DTC.

Mayor means the duly appointed and acting Mayor of the City or the successor to the duties of that office.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions.

Official Statement means the disclosure documents prepared and delivered in connection with the issuance of each series of Bonds.

Record Date means the close of business for the Bond Registrar that is 15 days preceding any interest and/or principal payment or redemption date.

Refunded Bonds mean all or a portion of the Refunding Candidates designated by a Designated Representative for refunding pursuant to this ordinance.

Refunding Account means the account by that name established pursuant to Section 7 of this ordinance.

Refunding Candidates mean the 2013 Bonds maturing on or after December 1, 2024.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

Rule means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Taxable Bonds means the Bonds of any series determined to be issued on a taxable basis pursuant to Section 11 of this ordinance.

Tax-Advantaged Bonds means the Bonds of any series determined to be issued on a tax-advantaged basis pursuant to Section 11 of this ordinance.

Tax-Exempt Bonds means the Bonds of any series determined to be issued on a tax-exempt basis pursuant to Section 11 of this ordinance.

2013 Bond Ordinance means the ordinance authorizing the issuance of the 2013 Bonds as described in the recitals of this ordinance.

2013 Bonds mean the City's Limited Tax General Obligation Refunding Bonds, 2013, with a dated date of September 12, 2013, issued pursuant to the 2013 Bond Ordinance as described in the recitals of this ordinance.

Underwriter means Piper Sandler & Co., or its successors.

Section 2. Authorization of Bonds and Bond Details. For the purpose of refunding and defeasing the Refunded Bonds and paying costs of issuance of the Bonds, the City shall issue and sell one or more series of its limited tax general obligation refunding bonds as set forth herein.

The Bonds shall be general obligations of the City, shall be designated "City of Redmond, Washington, Limited Tax General Obligation Refunding Bonds, 2021" with any such series and additional designation as determined to be necessary by a Designated Representative; shall be dated as of their date of delivery to the Underwriter; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, within a series and maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall bear interest from their date payable on the days and at the rates set forth in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in such Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 11 of this ordinance.

Section 3. Registration, Exchange and Payments.

(a) *Bond Registrar/Bond Register.* The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of state fiscal agencies. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) *Registered Ownership.* The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of

each Bond as the absolute owner thereof for all purposes (except as provided in this ordinance or the Continuing Disclosure Certificate), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 3(g), but such Bond may be transferred as herein provided. All such payments made as described in Section 3(g) shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) DTC Acceptance/Letters of Representations. The Bonds initially shall be held in fully immobilized form by DTC acting as depository. The City has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor

depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully immobilized form by a depository, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) Use of Depository.

(1) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Finance Director pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as

depository or a determination by the Finance Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a series, together with a written request on behalf of the Finance Director, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository and no substitute depository can be obtained, or (B) the Finance Director determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain physical Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and such Bonds shall no longer be held by a depository. The

Finance Director shall deliver a written request to the Bond Registrar, together with a supply of physical Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of a series together with a written request on behalf of the Finance Director to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange

for such surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Bond during the period from the Record Date to the redemption or payment date.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30 day months. For so long as all Bonds are held by a depository, payments of principal and interest thereon shall be made to the Registered Owners as of the Record Date as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer held

by a depository, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least by the Record Date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Bond Registrar.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

Section 4. Redemption Prior to Maturity and Purchase of Bonds.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* Each series of Bonds shall be subject to optional redemption to the extent, if any, on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 11 of this ordinance. Each series of Bonds shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase

Contract and as approved by a Designated Representative pursuant to Section 11 of this ordinance.

(b) *Purchase of Bonds.* The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Finance Director.

(c) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c). If the City redeems at any one time fewer than all of the Bonds having the same maturity date within a series, the particular Bonds or portions of Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Bond of such series and maturity as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond of such series and maturity by \$5,000. In the event that

only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity, series, and interest rate in any of the denominations herein authorized. Notwithstanding the foregoing, the selection of particular Bonds of a series and maturity may be redeemed as provided in the Bond Purchase Contract.

(d) *Notice of Redemption.*

(1) Official Notice. For so long as the Bonds are held in uncertificated form, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days

and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

(A) the redemption date,

(B) the redemption price,

(C) if fewer than all outstanding Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(D) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(E) any conditions to redemption, and

(F) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such

redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected registered owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) Effect of Notice; Bonds Due. If notice of redemption has been given and not rescinded, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Bond Registrar then holds sufficient funds to pay such Bonds at the redemption price, then from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been

redeemed shall be canceled by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the series and maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to the Continuing Disclosure Certificate and to the Underwriter and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) Amendment of Notice Provisions. The foregoing notice provisions of this Section 4 of this ordinance, including

but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Form of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference.

Section 6. Execution of Bonds. The Bonds of each series shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City, and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form set forth in Exhibit A, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before

the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of such Bond, are the proper officers of the City, although at the original date of such Bond any such person shall not have been such officer of the City.

Section 7. Plan of Refunding.

(a) *Refunding Plan.* For the purpose of realizing a debt service savings, the City proposes to apply the proceeds of the Bonds to defease and refund the Refunded Bonds as set forth herein. If a Designated Representative determines that it is in the best interest of the City to proceed with the refunding authorized herein, a Designated Representative shall designate all or a portion of the Refunding Candidates as Refunded Bonds and such designation shall be set forth in the Bond Purchase Contract. A portion of the proceeds of Bonds shall be deposited with the Escrow Agent pursuant to the Escrow Agreement to be used immediately upon receipt thereof to defease the Refunded Bonds as authorized by the

2013 Bond Ordinance and to pay costs of issuance of the Bonds, as applicable.

The net proceeds deposited with the Escrow Agent shall be used to defease the Refunded Bonds and discharge the obligations thereon by maintaining the net proceeds in cash or by the purchase of certain Government Obligations (which obligations so purchased, are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

(1) interest on the Refunded Bonds as such becomes due on and prior to the selected Call Date; and

(2) the redemption price (100% of the principal amount) of the Refunded Bonds on the selected Call Date.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

(b) *Escrow Agent/Escrow Agreement.* The Designated Representatives are hereby authorized to appoint an escrow agent for the Refunded Bonds (the "Escrow Agent"). A beginning cash balance, if any, and the Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to

defeasance the Refunded Bonds. The proceeds of the applicable series of Bonds remaining after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and costs of issuance of such Bonds.

In order to carry out the purposes of this section, the Finance Director is authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent.

(c) *Call for Redemption of Refunded Bonds.* The City is hereby authorized to irrevocably set aside sufficient funds out of the purchase of Acquired Obligations from proceeds of each series of Bonds to make the payments described above.

The City is hereby authorized to irrevocably call the Refunded Bonds for redemption on the applicable Call Date in accordance with the 2013 Bond Ordinance authorizing the redemption and retirement of the Refunded Bonds prior to their fixed maturities.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the issuance of each series of Bonds and delivery of the Acquired Obligations to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the giving of notices of defeasance and/or redemption of the Refunded Bonds in accordance with the 2013 Bond Ordinance. The

costs of publication of such notices shall be an expense of the City.

The Escrow Agent is hereby authorized and directed to pay to the Finance Director, or, at the direction of the Finance Director, to the paying agent for the Refunded Bonds, sums sufficient to pay, when due, the payments specified in this Section 7. All such sums shall be paid from the moneys and Acquired Obligations deposited with the Escrow Agent, and the income therefrom and proceeds thereof. All such sums so paid to or to the order of the Finance Director shall be credited to the Refunding Account hereby authorized to be created by the City. All moneys and Acquired Obligations deposited with the Escrow Agent and any income therefrom shall be held, invested (but only at the direction of the Finance Director) and applied in accordance with the provisions of this ordinance and with the laws of the State for the benefit of the City and owners of the Refunded Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due.

Section 8. Tax Covenants. The City will take all actions necessary to assure the tax-advantaged status on Tax-Advantaged Bonds, and/or exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners of the Tax-Exempt Bonds to the same

extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Tax-Advantaged or Tax-Exempt Bonds, including but not limited to the following to the extent applicable:

(a) *Private Activity Bond Limitation.* The City will assure that the proceeds of the Tax-Exempt Bonds are not so used as to cause the Tax-Exempt Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) *Limitations on Disposition of Project.* The City will not sell or otherwise transfer or dispose of (i) any personal property components of the projects refinanced with proceeds of the Tax-Exempt Bonds (the "Tax Exempt Projects") other than in the ordinary course of an established government program under Treasury Regulation 1.141-2(d)(4) or (ii) any real property components of the Tax-Exempt Projects, unless it has received an opinion of Bond Counsel to the effect that such disposition will not adversely affect the treatment of interest on the Tax-Exempt Bonds as excludable from gross income for federal income tax purposes, as applicable.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Tax-Exempt Bonds to be

"federally guaranteed" within the meaning of Section 149(b) of the Code.

(d) *Rebate Requirement.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section applies to the Tax-Exempt Bonds.

(e) *No Arbitrage.* The City will not take, or permit or suffer to be taken, any action concerning the proceeds of the Tax-Exempt Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(f) *Registration Covenant.* The City will maintain a system for recording the ownership of each Tax-Exempt Bond that complies with the provisions of Section 149 of the Code until all Tax-Exempt Bonds have been surrendered and canceled.

(g) *Record Retention.* The City will retain its records of all accounting and monitoring it carries out with respect to the Tax-Exempt Bonds for at least three years after the Tax-Exempt Bonds mature or are redeemed (whichever is earlier); however, if the Tax-Exempt Bonds are redeemed and refunded, the City will

retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Tax-Exempt Bonds.

(h) *Compliance with Federal Tax Certificates.* In the event the City issues one or more series of Tax-Advantaged Bonds eligible for federal tax credits, a federal interest subsidy, or other subsidy, the City will comply with the provisions of the Federal Tax Certificate setting forth or incorporating applicable requirements.

The City will comply with the provisions of the Federal Tax Certificate with respect to the applicable Tax-Exempt Bonds or Tax-Advantaged Bonds, which are incorporated herein as if fully set forth herein. In the event of any conflict between this section and the Tax Certificate, the provisions of the Tax Certificate will prevail. Additional tax covenants as necessary or desirable for any series of Bonds may be set forth in the Tax Certificate for that series of Bonds.

The covenants of this section will survive the payment in full or defeasance of the applicable Tax-Exempt Bonds or Tax-Advantaged Bonds.

Section 9. Bond Account and Provision for Tax Levy Payments.

The City hereby authorizes the creation of an account to be used for the payment of debt service on the Bonds, designated as the "City of Redmond, Washington, General Obligation 2021 Bond Account" (the "Bond Account"), and within such account separate subaccounts as determined to be necessary by the Finance Director, for the purpose of paying debt service on the Bonds. No later than the date each payment of principal of and/or interest on the Bonds matures or becomes due and payable, the City shall transmit sufficient funds, from the Bond Account or from other legally available sources to the Bond Registrar for the payment of such principal and/or interest. Money in the Bond Account not needed to pay the interest or principal next coming due may temporarily be deposited in legal investments for City funds, but only to the extent that the same are acquired, valued, and disposed of at Fair Market Value.

The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with all other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the Bonds as the same shall become due.

The City hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the regular property tax levy permitted to cities without a vote of the electorate, and that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

Section 10. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Account, or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for

such purpose, then no further payments need be made into the Bond Account for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from the Bond Account, or such special account, and such Bond shall be deemed to be not outstanding under this ordinance.

The City shall give written notice of defeasance to the Registered Owner(s) of the Bonds and to each party entitled to receive notice in accordance with the Continuing Disclosure Certificate.

Section 11. Sale of Bonds.

(a) *Bond Sale.* The Bonds of each series shall be sold by negotiated sale to the Underwriter pursuant to the terms of the Bond Purchase Contract executed in connection with the issuance of such series of Bonds. The Council has determined that it would be in the best interest of the City to delegate to the Designated Representatives for a limited time the authority to approve the selection of Refunded Bonds (if any) to be refunded with proceeds of a series of Bonds; to approve the final interest rates, aggregate principal amount, principal amounts of each maturity, and redemption rights for each series of Bonds; and to determine

whether such series of Bonds will be issued and sold as Tax-Advantaged Bonds, Tax-Exempt Bonds or Taxable Bonds.

Subject to the terms and conditions set forth in this Section 11, each Designated Representative is hereby authorized to enter into a Bond Purchase Contract with the Underwriter to issue and sell the Bonds of each series upon the Designated Representative's approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, and redemption rights set forth therein for the Bonds in accordance with the authority granted by this section so long as the aggregate principal amount of the Bonds does not exceed \$19,500,000 and:

(1) the final maturity date for each series of Bonds is no later than December 1, 2035;

(2) the aggregate purchase price for the Bonds of a series shall not be less than 98% and not greater than 130% of the aggregate stated principal amount of the Bonds, excluding any original issue discount;

(3) the interest rate for each series of Bonds does not exceed 5.00%.

(4) the true interest cost for each series of Bonds issued as Tax-Exempt Bonds (in the aggregate) does not exceed 2.75%;

(5) the true interest cost for each series of Bonds issued as Taxable Bonds or Tax-Advantaged Bonds (in the aggregate) does not exceed 2.75%;

(6) the Bonds are sold for a price that results in a minimum aggregate net present value debt service savings over the Refunded Bonds to be refunded of at least 4.00%; and

(7) the Bonds conform to all other terms of this ordinance.

Subject to the terms and conditions set forth in this section, each Designated Representative is hereby authorized to execute the Bond Purchase Contract. The signature of one Designated Representative shall be sufficient to bind the City.

Following the execution of a Bond Purchase Contract, a Designated Representative shall provide a report to the Council describing the final terms of the applicable series of Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representatives by this section shall expire on February 1, 2022. If a Bond Purchase Contract for the Bonds has not been executed by such date, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of

such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this section.

(b) *Delivery of Bonds; Documentation.* Following the passage and approval of this ordinance and upon execution of a Bond Purchase Contract, the proper officials of the City, including the Finance Director, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Underwriter and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of this ordinance and the Bond Purchase Contract.

Section 12. Preliminary and Final Official Statements. The Finance Director is hereby authorized to deem final the preliminary Official Statement relating to the Bonds for the purposes of the Rule. The Finance Director is further authorized to approve for purposes of the Rule, on behalf of the City, the final Official Statement relating to the issuance and sale of the Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed to be appropriate.

Section 13. Undertaking to Provide Ongoing Disclosure. The City covenants to execute and deliver at the time of Closing of the Bonds a Continuing Disclosure Certificate. The Designated Representatives are hereby authorized to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery, and sale of the Bonds with such terms and provisions as such officer shall deem appropriate and in the best interests of the City.

Section 14. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond or Bonds of like date, series, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon his/her filing with the City evidence satisfactory to the City that such Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City and/or the Bond Registrar with indemnity satisfactory to the City and the Bond Registrar.

Section 15. Severability; Ratification. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and

agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

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

Section 17. Corrections by Clerk. Upon approval of the City Attorney and Bond Counsel, and without further action of the Council, the Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Adopted by the Redmond City Council at a regular meeting thereof held this 17th of August, 2021.

CITY OF REDMOND

By _____
Angela Birney, Mayor

ATTEST

Cheryl Xanthos,
City Clerk

APPROVED AS TO FORM:

FILED WITH THE CITY CLERK: _____
PASSED BY THE CITY COUNCIL: _____
SIGNED BY THE CITY MAYOR: _____
PUBLISHED: _____
EFFECTIVE DATE: _____
ORDINANCE NO. _____

EXHIBIT A

FORM OF BOND

[DTC LANGUAGE]

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

CITY OF REDMOND

LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2021

INTEREST RATE: MATURITY DATE: CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Redmond, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 20____, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____, and semiannually thereafter on the first days of each succeeding _____ and _____.

Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agent of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. _____ duly passed by the City Council on August 17, 2021 (the "Bond Ordinance").

Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is one of an authorized issue of bonds of like date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$_____ and is issued pursuant to the Bond Ordinance to provide funds to pay the cost of defeasing and refunding certain limited tax general obligation bonds of the City and paying costs of issuance for the Bonds.

The bonds of this issue are [not] subject to redemption prior to their stated dates of maturity as provided for in the Bond Purchase Contract.

The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to the City without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The bonds of this issue have not been designated by the City as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this bond exist and have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any

constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Redmond, Washington has caused this bond to be executed by the manual or facsimile signatures of the Mayor and City Clerk and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this ____ day of _____, 20__.

CITY OF REDMOND, WASHINGTON

[SEAL]

By /s/ manual or facsimile
Mayor

ATTEST:

 /s/ manual or facsimile
City Clerk

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____, 20_____

This is one of the Limited Tax General Obligation Refunding Bonds, 2021 of the City of Redmond, Washington, dated _____, 20__.

WASHINGTON STATE FISCAL
AGENT, as Registrar

By _____
Authorized Signer

CERTIFICATE

I, the undersigned, City Clerk of the City of Redmond, Washington (the "City") and keeper of the records of the City Council (the "City Council"), DO HEREBY CERTIFY:

1. That the attached Ordinance is a true and correct copy of Ordinance No. ___ of the City Council (the "Ordinance"), duly passed at a regular meeting thereof held on the 17th day of August, 2021.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, including but not limited to Washington State Governor Inslee's emergency proclamation No. 20-28 issued on March 24, 2020, as amended and supplemented, temporarily suspending portions of the Open Public Meetings Act (chapter 42.30 RCW); that 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 City Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

3. That the Ordinance has not been amended, supplemented, or rescinded since its passage and is in full force and effect, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2021.

City Clerk